INTERIM REPORT

January-March 2019

PERIOD IN BRIEF

JANUARY – MARCH 2019

COMPARED WITH JANUARY - MARCH 2018 (unless otherwise stated)

- The loan portfolio has increased by 14.4 % to SEK 5,090 million since year-end
- Operating profit increased by 35.1 % to SEK 65.6 million
- Net profit increased by 35.6 % to SEK 50.5 million
- Earnings per share increased to SEK 2.28 (1.73)
- Cost/income ratio decreased to 38.0 % (40.3)
- Total capital ratio has decreased to 16.3 % (17.4) since year-end
- Return on equity amounted to 34.4 % (30.0)
- Adjusted return on equity amounted to 31.7 % (30.0) [1]

SIGNIFICANT EVENTS

JANUARY - MARCH 2019

- TF Bank has within its segment Ecommerce Solutions signed an agreement with Estonia's largest online retailer Hansapost
- New agreements for continuing sale of past due loans have been signed in several markets
- The Board of Directors of TF Bank has decided to initiate a process to simplify the legal group structure

The first quarter showed record growth of 14 %, and the loan portfolio thus exceeded SEK 5 billion – an important milestone for TF Bank.

LOAN PORTFOLIO
31 MARCH 2019 COMPARED WITH 31 DECEMBER 2018

SEK **5.1** BILLION **+14** %

OPERATING PROFIT
JAN-MAR 2019 COMPARED WITH JAN-MAR 2018

SEK **66** MILLION **+35** %

TOTAL CAPITAL RATIO
31 MARCH 2019 COMPARED WITH 31 DECEMBER 2018

16.3 % **-1.1** PERCENTAGE POINTS

RETURN ON EQUITY [1]
JAN-MAR 2019 COMPARED WITH JAN-MAR 2018

31.7 % **+1.7** PERCENTAGE POINTS

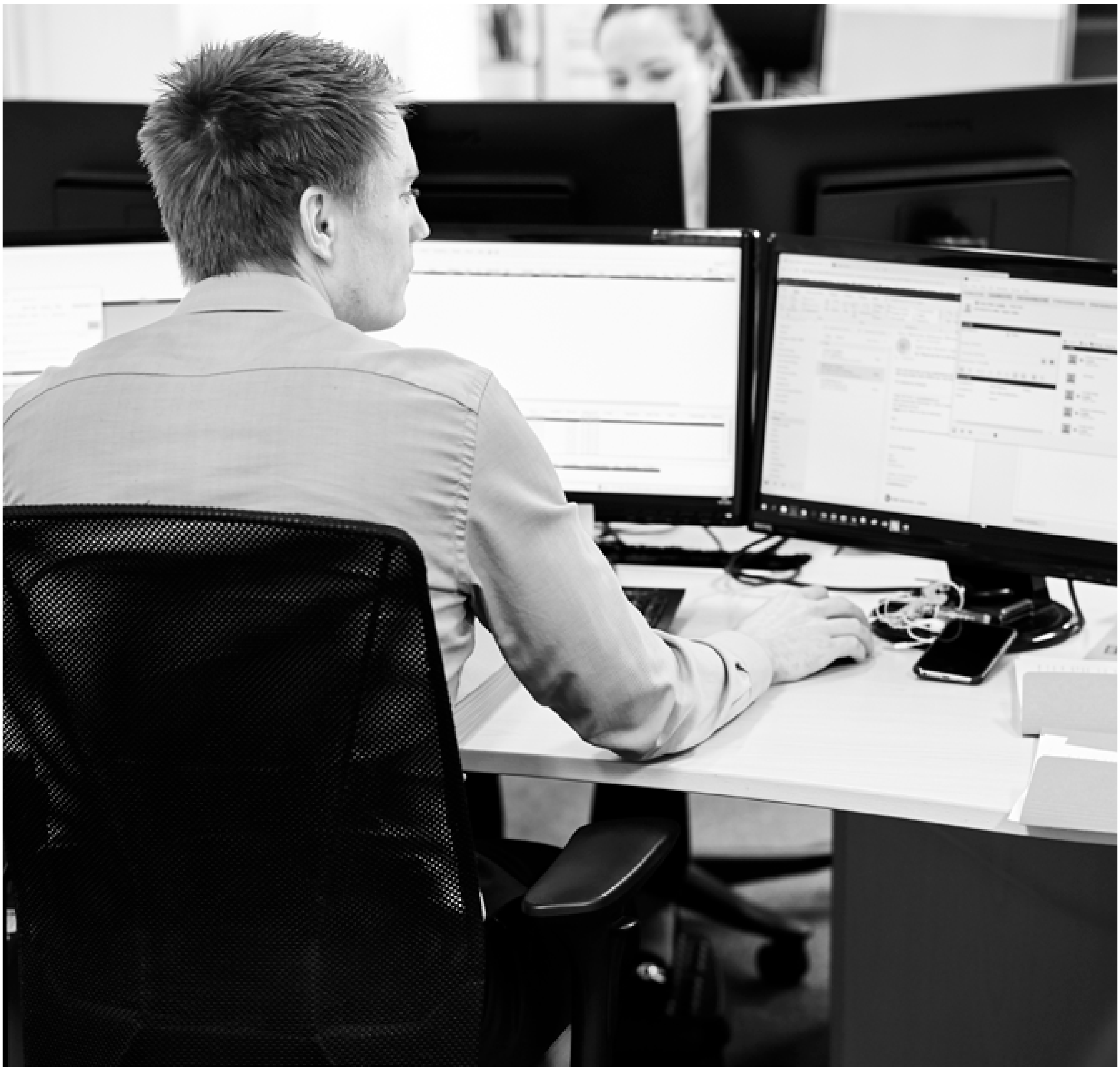
[1] Adjusted for items affecting comparability in 2018 attributable to reclassification of customer balances with inactive status that have arisen before 2018.

See separate section with definitions, page 41.

THE GROUP

TF Bank is an internet-based niche bank offering consumer banking services and Ecommerce Solutions through a proprietary IT platform with a high degree of automation. The platform is designed for scalability and adaptability to different products, countries, currencies and digital banking solutions. TF Bank carries out deposit-taking and lending activities for consumers in Sweden, Finland, Norway, Denmark, Poland, Germany, Estonia, Lithuania and Latvia through subsidiaries, branches or cross-border banking. In the Ecommerce Solutions segment, the Group offers next-generation payment and checkout solutions for online retailers in the Nordic countries, Estonia and Poland.

TF Bank was founded in Sweden in 1987 and has from the start had a strong track record of profitable growth. From its Swedish base the Group has established a broad North European presence, and today serves about 1 million customers through various brands across its markets. TF Bank has been listed in the Mid Cap segment of Nasdaq Stockholm since 2016.



CEO'S COMMENTS

The first quarter showed record growth of 14 %, and the loan portfolio thus exceeded SEK 5 billion – an important milestone for TF Bank. Over the past year, the loan portfolio has increased by 45 %. Once again, we deliver a strong quarterly result: Operating profit amounted to SEK 66 million, an increase of 35 % compared to the corresponding quarter in 2018.

Growth driven by the Nordic region and the Baltics

The consumer loan business in Norway continues to gain market shares. During the first quarter, the Norwegian loans represented 50 % of the growth in the Group's loan portfolio. The consumer loans in Finland have also exhibited strong growth during the beginning of the year. In the Baltics, the loan portfolios in Estonia and Latvia have continued to grow. It is especially encouraging that a partnership was initiated with Estonia's local e-commerce market leader Hansapost. This will have a positive impact on growth within the Ecommerce Solutions segment during 2019. The retail finance solution business in Poland also continues to grow according to plan.

TF Bank's expansion in new markets

To maintain high growth over time, while keeping attractive risk-adjusted returns for the shareholders, TF Bank expands in new markets. As I have previously highlighted, our strategy in new markets can be resembled of a step-by-step model: we start on a small scale to test customer offerings and risk models, and when we feel confident in the concept's performance, we take the next step and increase the volumes. With this strategy, we can expand with small means and controlled risks thanks to our scalable and proprietary platform. An example is our successful launch of consumer loans in Latvia. The business was started in the end of 2016 and the portfolio today amounts to EUR 31 million. New markets that we are currently working in are Lithuania, Germany and Austria. TF Bank launched consumer loans in Lithuania during the third quarter of 2018. By the end of the year, the first credit cards in Germany were produced and soon, a consumer loan product will be launched in Austria.

Capital ratios impacted by the growth

This year's first quarter has large similarities with the corresponding quarter in 2018. We have exhibited a strong underlying growth in local currencies, and the Swedish krona has weakened significantly. The strong growth combined with increased phase-in of loan loss provisions in the capital base and new accounting standards regarding leases have impacted the capital ratios. The regulatory deduction of foreseeable dividends also impacts the capital base in the period. However, at the end of the quarter, all capital ratios remain at levels that provide a margin compared with the internal capital targets.

Continued growth a priority for 2019

In my CEO comments in the recently published annual report, I stated that continued growth is a priority, which is emphasised by the progress in the first quarter. In addition, we have signed several new agreements for continuing sale of past due loans, so-called forward flow contracts, which create increased visibility and good opportunities for continued high returns from the loan portfolio. Through the new dividend policy that was decided last autumn, the Board has signaled that consideration for growth and long-term value creation for shareholders should weigh heavily. If there are favorable business opportunities, capital can thus be allocated fully to the business. We will certainly have reason to return to the question in upcoming interim reports.

Mattias Carlsson
President and CEO

KEY FIGURES, CONSOLIDATED

KEY FIGURES, CONSOLIDATED

SEK thousand	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Income statement			
Operating income	175,969	140,900	627,641
Operating profit	65,625	48,558	250,128
Net profit for the period	50,514	37,265	191,826
Earnings per share, SEK	2.28	1.73	8.75
Balance sheet			
Loans to the public	5,089,740	3,518,824	4,449,225
Deposits from the public	5,813,238	4,218,824	5,096,463
New lending	1,418,171	978,421	4,518,697
Key figures			
Operating income margin, %	15.6	17.6	16.3
Net loan loss ratio, %	3.7	4.5	3.9
Cost/Income ratio, %	38.0	40.3	39.4
Return on equity, %	34.4	30.0	34.5
Return on loans to the public, %	4.7	5.1	4.9
CET1 capital ratio, %	12.3	12.5	13.0
Tier 1 capital ratio, %	14.3	12.5	15.2
Total capital ratio, %	16.3	15.1	17.4
Employees (FTE)	156	128	140

ADJUSTED KEY FIGURES, CONSOLIDATED [1]

SEK thousand	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Income statement			
Operating profit	65,625	48,558	250,128
Items affecting comparability [1]	-	-	-20,295
Adjusted operating profit	65,625	48,558	229,833
Adjusted income tax expense	-15,111	-11,293	-53,837
Adjusted net profit for the period	50,514	37,265	175,996
Adjusted net profit attributable to the shareholders of the Parent Company	49,043	37,265	172,296
Adjusted earnings per share, SEK	2.28	1.73	8.01
Key figures			
Adjusted return on equity, %	31.7	30.0	31.6
Adjusted return on loans to the public, %	4.3	5.1	4.5

CURRENCY RATES

SEK	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
EUR Income statement (average)	10.42	9.96	10.25
EUR Balance sheet (end of reporting period)	10.42	10.29	10.28
NOK Income statement (average)	1.07	1.03	1.07
NOK Balance sheet (end of reporting period)	1.07	1.06	1.02
PLN Income statement (average)	2.42	2.38	2.41
PLN Balance sheet (end of reporting period)	2.43	2.45	2.39

[1] Adjusted for items affecting comparability in 2018 attributable to reclassification of customer balances with inactive status that have arisen before 2018.

See separate section with definitions, page 41.

RESULTS AND FINANCIAL POSITION

JANUARY - MARCH 2019

COMPARED WITH JANUARY - MARCH 2018

Operating profit

Operating profit increased by 35.1 % to SEK 65.6 million (48.6). Higher interest income from the growing loan portfolio and a lower C/I ratio contributed to the increase. Earnings per share amounted to SEK 2.28 (1.73) and adjusted return on equity was 31.7 % (30.0).[1]

Operating income

The Group's operating income increased by 24.9 % to SEK 176.0 million (140.9), mainly related to a higher net interest income from the loan portfolio. The operating income margin amounted to 15.6 % (17.6). The decrease is related to a change in product mix with a higher share of consumer loans in Norway and lower interest rate levels in new lending in other markets within Consumer Lending.

Interest income

Interest income rose by 26.2 % to SEK 184.7 million (146.4). The main drivers for the increase were growing loan portfolios in Norway and the Baltics as well as increasing volumes within Ecommerce Solutions. In addition, positive currency effects contributed to higher interest income compared to the first quarter of 2018.

Interest expense

The Group's interest expenses increased by 23.9 % to SEK 23.3 million (18.8). The increase was mainly due to higher deposits from the public in Germany and Norway. Interest rate hikes by the central banks in Sweden and Norway have so far had limited effects on TF Bank's funding costs.

Net fee and commission income

Net fee and commission income increased by 18.9 % to SEK 14.1 million (11.8). The increase is mainly related to higher income from reminder fees within Ecommerce Solutions. During the first quarter of 2019, 54 % of the fee and commission income derived from reminder fees and 46 % from insurance premiums and other income.

Operating expenses

The Group's operating expenses increased by 17.6 % to SEK 66.8 million (56.8). The average number of full-time employees during the quarter was 156 (128), corresponding to an increase of 22 %. Currency effects have also had an impact on the cost increase compared to the corresponding quarter in 2018. The C/I ratio however decreased to 38.0 % (40.3) as a result of economies of scale within Ecommerce Solutions and continued cost efficiency within Consumer Lending.

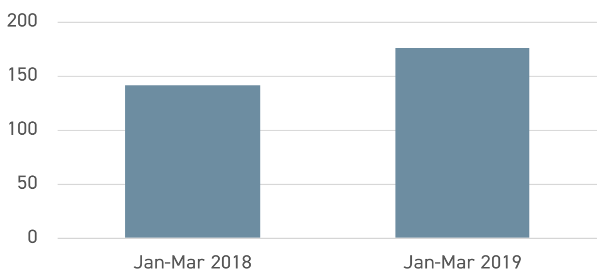
Net loan losses

Net loan losses increased by 22.6 % to SEK 43.5 million (35.5). New agreements for continuing sale of past due loans have increased the size of loan loss provisions at the end of the quarter. Currency effects also contributed to the increase in loan losses. However, the underlying credit quality continues to improve, and the net loan loss ratio as a result decreased to 3.7 % (4.5).

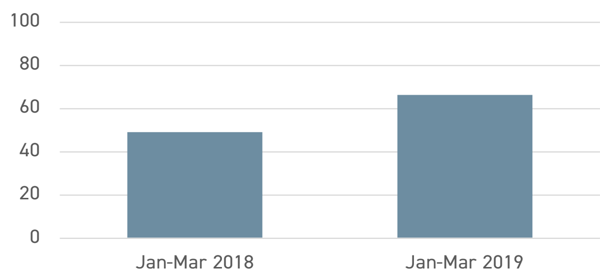
Tax expense

The Group's tax expense amounted to SEK 15.1 million (11.3). The increasing operating profit compared to 2018 as well as a higher tax rate in Norway contributed to the increase. The Group's average tax rate decreased to 23.0 % (23.3) as a result of lower corporate tax in Sweden effective as of 2019.

OPERATING INCOME (SEK million)



OPERATING PROFIT (SEK million)



[1] Adjusted for items affecting comparability in 2018 attributable to reclassification of customer balances with inactive status that have arisen before 2018.

RESULTS AND FINANCIAL POSITION

JANUARY - MARCH 2019

COMPARED WITH 31 DECEMBER 2018 (unless otherwise stated)

Lending

During the first quarter of the year, loans to the public increased by 14.4 % to SEK 5,090 million (4,449). Currency effects have contributed positively to growth by 2.7 %. The underlying loan portfolio increased by 10.5 % in local currencies.[1] The Group's new lending increased by 45 % to SEK 1,418 million (978) compared to the first quarter of 2018.

The lending in Norway and the Baltics have been the primary growth drivers in the quarter. The loan portfolio in Norway has increased by 18 % in local currency. The high growth is related to the Norwegian Consumer Lending. The loan portfolio in the Baltics has increased by 14 % in local currency during the quarter.

Deposits

Deposits from the public increased by 14.1 % to SEK 5,813 million (5,096) during the first three months of the year. Currency effects have contributed positively to growth by 2.5 %. The underlying deposit portfolio has increased by 11.6 % in local currencies.

Deposits in Norway have increased by 40 % in local currency. The increase is mainly related to an increase of the Norwegian savings account rate in BB Bank. Deposits in Germany increased by 13 % in local currency. The net inflow of German deposit customers is stable and matches the Group's lending growth in EUR.

Investments

The Group's investments increased to SEK 9.9 million (5.7) compared to the first quarter of 2018. The investments are mainly attributed to product development within the Ecommerce Solutions segment. Depreciation and amortisation on tangible and intangible fixed assets has during the same period increased to SEK 4.1 million (2.4). The increase is impacted by new accounting standards regarding leases IFRS 16, effective as of 1 January 2019.

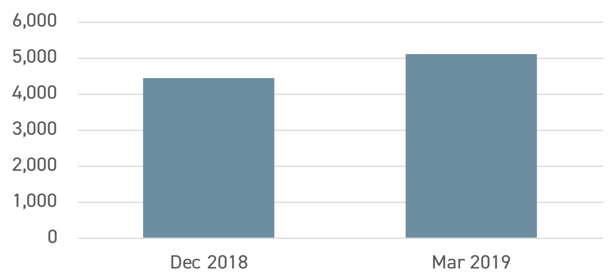
Cash and cash equivalents

The liquidity reserve amounted to SEK 1,610 million (1,465) at the end of the quarter. The majority of the reserve is placed on overnight accounts in various Nordic banks. During the quarter, an increased share of the reserve has been placed at central banks. The Group's total available liquidity, including undrawn credit facility of SEK 32 million, amounts to 28 % (29) of deposits from the public.

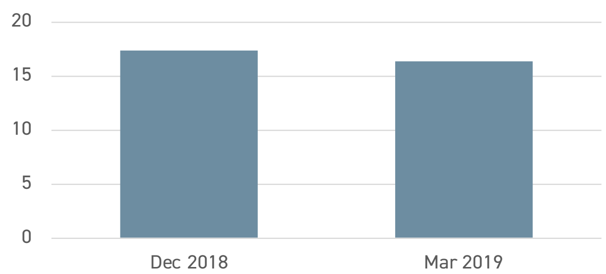
Capital adequacy

At the end of the quarter, the Group's total capital ratio was 16.3 % (17.4), the Tier 1 capital ratio was 14.3 % (15.2) and the CET1 capital ratio was 12.3 % (13.0). The decrease in capital ratios is mainly related to the strong growth of the loan portfolio in the quarter, which results in an increased capital requirement. The capital ratios have also been impacted by regulatory changes. Effective as of 2019, the increased phase-in of loan loss provisions in the capital base related to IFRS 9 and new accounting standards regarding leases IFRS 16 have been implemented. In addition, the capital base is impacted by foreseeable dividends that have been deducted in accordance with the regulatory requirements. All capital ratios though remain on levels that provide a margin compared with the internal capital targets.

LOANS TO THE PUBLIC (SEK million)



TOTAL CAPITAL RATIO (%)



[1] Loans to the household sector, stage 1 and 2, gross.

CONSUMER LENDING

JANUARY - MARCH 2019

COMPARED WITH JANUARY - MARCH 2018 (unless otherwise stated)

Overview

In the Consumer Lending segment, TF Bank offers unsecured consumer loans to creditworthy individuals. The product offering can differ between the various markets and is adjusted according to the specific conditions in each country. As at 31 March 2019, the average loan amount per customer was approximately SEK 49 thousand with an average maturity of approximately 24 months.

The consumer lending business is conducted in seven countries; the established core markets are Norway, Finland and Sweden, ranked by size. In the Norwegian market, the bank offers slightly higher loan amounts than the average for the segment. The Nordic markets for consumer loans are characterised by credit information that is easy to access, a high share of credit intermediators, and have over the past few years mostly been driven by an increase in the average size of issued loans.

Other countries include Estonia, Latvia, Lithuania and Poland. Estonia is a market with characteristics that are similar to the Nordic ones, with high internet usage and easy access to public data. Poland is the market that differentiates the most from the Nordic countries, partly due to less frequent internet usage. Furthermore, a pilot project is currently being carried out in Austria.

The loan portfolio

Loans to the public increased by 15.7 % to SEK 4,010 million (3,466) during the first quarter of the year. Currency effects positively contributed to growth by 2.9 %. The underlying loan portfolio increased by 12.0 % in local currencies.[1] The segment's new lending amounted to SEK 974 million (565).

The Nordic consumer loan portfolio represents 72 % of the segment. During the first quarter, the Norwegian business has increased its market share significantly. The underlying portfolio in Norway had a growth of 20.8 % percent to NOK 1,336 million (1,106) during 2019. In Finland, the loans have increased by 9.6 % to EUR 88.7 million (81.0). The Finnish new lending has primarily been strong in the customer segment with more favourable credit quality. The market in Sweden continues to be highly competitive and the loan portfolio has decreased by 3.1 % to SEK 453 million (468) during the first quarter.

The Baltic and Polish consumer loan portfolio represents 28 % of the segment. The majority of the loans derive from Estonia where the growth has continued during the start of the year; the portfolio has increased by 7.2 % to EUR 54.9 million (51.3). The loan portfolio in Latvia continues to grow at high pace with an increase of 23.5 % to EUR 30.8 million (24.9) during the first quarter. Consumer loans in Lithuania were launched in 2018 and are still in a start-up phase with relatively small volumes. The loan portfolio in Poland has increased by 4.1 % to PLN 90.7 million (87.1).

Results

Operating profit for the segment increased by 5.5 % to SEK 54.9 million (52.0). Higher interest income from the growing loan portfolio has a positive effect on the result in the quarter, while new agreements for continuing sale of past due loans have a negative impact compared to the first quarter of 2018.

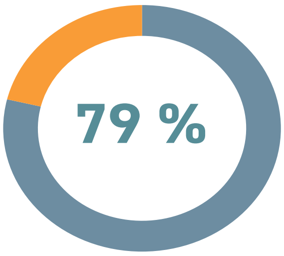
Operating income increased by 20.4 % to SEK 135.0 million (112.2). The increase is mainly related to the consumer loans in Norway and the Baltics. The operating income margin has decreased to 15.1 % (17.5), related to a change in product mix with lower interest rate levels in the new lending.

The operating expenses for the segment increased by 16.8 % to SEK 41.0 million (35.1). The increase is mainly related to expansion in several markets and increasing lending volumes. The C/I ratio for the segment was 30.4 % (31.3).

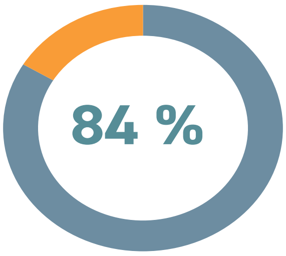
Net loan losses increased by 56.3 % to SEK 39.1 million (25.0). New agreements for continuing sale of past due loans have resulted in increased loan loss provisions according to IFRS 9 during the quarter. The loan loss ratio has decreased to 3.8% (4.3), which is primarily related to the changed product mix which gradually improves the credit quality in the segment.

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

SHARE OF THE GROUP'S LOANS TO THE PUBLIC



SHARE OF THE GROUP'S OPERATING PROFIT



[1] Loans to the household sector, stage 1 and 2, gross.

ECOMMERCE SOLUTIONS

JANUARY - MARCH 2019

COMPARED WITH JANUARY - MARCH 2018 (unless otherwise stated)

Overview

In the Ecommerce Solutions segment, TF Bank offers digital payment solutions to both online and brick and mortar retailers, as well as credit cards to creditworthy individuals. Customers are mainly the end-consumers who use the bank's payment solutions when they shop. During the first quarter of 2019, the loan portfolio has passed a true milestone; SEK 1 billion.

The digital payment solutions are available in the Nordic region, the Baltics and in Poland. In early 2018, the launch of Checkout+ was initiated in Sweden and Finland, followed by Norway and Denmark in 2019. Checkout+ includes all significant payment methods as well as CRM functionality, with the aim for TF Bank to support the retailers to build their respective brands and strengthen the loyalty with their customers throughout the customer journey. The development in Poland, where TF Bank offers a finance solution for local retailers, indicates that the business is competitive even outside the Nordic and Baltic countries.

The credit card offering is currently available in Norway and Germany. The offering in Norway has been part of the Group since the acquisition of the subsidiary BB Bank in July 2015. During the beginning of 2019, the bank has carried out a first marketing campaign in Germany with good results and satisfying risk levels of new customers.

Loan portfolio

Loans to the public increased by 9.9 % to SEK 1,080 million (983) during the first quarter of the year. Currency effects positively contributed to growth by 1.9 %. The underlying loan portfolio increased by 4.8 % in local currencies. [1] The segment's new lending amounted to SEK 445 million (414).

The loan portfolio related to digital payment solutions represents 84 % of the segment. The growth in Finland was 181 % during 2018, but this year the portfolio has experienced a slowdown and at the end of the quarter, it amounted to EUR 34.9 million (34.4). The loan portfolio in Sweden has increased by 7.3 % during 2019. The growth in the segment is partly related to Estonia and the partnership with Hansapost, which was initiated at the end of February. The underlying Estonian portfolio has increased by 29.7 % to EUR 4.2 million (3.2). The growth in Poland also remains strong and the portfolio has increased by 7.7 % to PLN 82.1 million (76.2).

The credit card portfolio represents 16 % of the segment. The portfolio in Norway has decreased by 2.2 % to NOK 153 million (156) during the first three months of the year. The credit card portfolio in Germany, which was launched towards the end of 2018, amounted to EUR 0.6 million (0.2) at the end of the quarter.

Results

Operating profit for the segment has improved to SEK 10.7 million (-3.5). New agreements for continuing sale of past due loans had a positive effect on the result for the quarter, while seasonal effects had a negative impact on the income in the quarter.

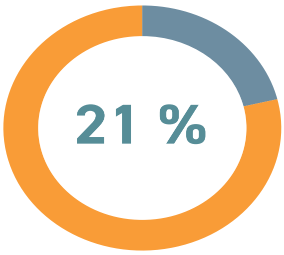
Operating income increased by 42.6 % to SEK 41.0 million (28.7). The growth for digital payment solutions in Finland and sales financing in Poland were the main drivers of the increase compared to the first quarter of 2018. The operating income margin has decreased slightly and amounts to 17.5 % (17.8).

The operating expenses for the segment increased by 18.8 % to SEK 25.8 million (21.7). The increase is mainly related to more customers in the segment compared to the corresponding quarter in 2018, which among other things impacts the personnel costs. Economies of scale have however contributed to a decrease in the C/I ratio to 63.0 % (75.6).

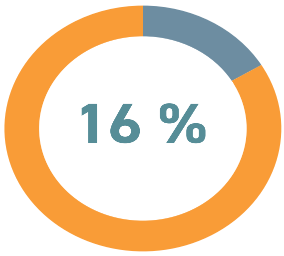
Net loan losses decreased by 57.8 % to SEK 4.4 million (10.5). New agreements for continuing sale of past due loans have resulted in decreased loan loss provisions according to IFRS 9 during the quarter. The underlying credit quality in the segment has also improved compared to the first quarter of 2018 and the net loan loss ratio amounts to 3.4 % (5.3).

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

SHARE OF THE GROUP'S LOANS TO THE PUBLIC



SHARE OF THE GROUP'S OPERATING PROFIT



[1] Loans to the household sector, stage 1 and 2, gross.

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 accounting policies regarding leases in connection with the implementation of the IFRS 16 accounting standard.

IFRS 16 "Leasing" primarily affects the accounting for lessee and the implementation of the standard has led to almost all leases being recognized in the balance sheet. The standard eliminates the distinction between operating and finance leases in IAS 17 and requires that a right-of use for the leased asset is to be recognized as an asset in the balance sheet and the lease payment as a corresponding financial liability. An optional exception can be made for short term leases for which the underlying asset has a low value. The income statement is also affected due to the fact that the costs are higher at the beginning of the lease contract, and lower at the end. Operating profit is affected as rental costs are replaced by interest expenses and depreciation.

The standard is to be applied for fiscal years starting January 1, 2019 and has been adopted by the EU. Earlier implementation is permitted if IFRS 15 has been applied at the same reporting date.

TF Bank has chosen to apply the simplified transition method, which means that the calculation of liability throughout the transition to IFRS 16 is based on the remaining lease payments for the leased asset. As a leased asset, TF Bank has classified the leases related to all the Group's offices. The lease obligation is valued at the present value of the remaining lease payments using the marginal loan interest rate on the first day of implementation. The amortization period has been equated with the remaining lease period for each individual contract. On ongoing bases, the asset arising from the lease contract is recognised as a Tangible assets, and the lease obligation as Other liabilities. The part relating to prepaid rent payments is recognised under Prepaid expenses and accrued income. The calculated interest expense for the lease cost is recognised in the income statement as Interest expenses. Neither lease contracts with a maturity of 12 months or less have been considered, nor leases for which the underlying asset has a low value. The comparative figures have not been recalculated. TF Bank has chosen to apply the standard at the Group level only.

For transition effects under the implementation of IFRS 16, see Note 10.

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 annual report 2018.

OTHER FINANCIAL INFORMATION

Annual General Meeting 2019
The Annual General Meeting 2019 will be held on Tuesday 7 May 2019 at 15:00 (CET) in Stockholm.

Proposed dividend
The Board of Directors proposes to the Annual General Meeting that a dividend of SEK 2.30 per share be distributed for 2018. The total dividend payment to shareholders will be approximately SEK 49.5 million.

The TF Bank share
TF Bank was listed on the Nasdaq Stockholm's Mid Cap list on 14 June 2016. The TF Bank share trades under the ticker name TFBANK and the ISIN code is SE0007331608. As at end-March 2019, the share closed at SEK 89.20, an increase of around 24 % since year-end. In total, 1.4 million shares worth approximately SEK 111 million were traded on Nasdaq Stockholm during the first quarter of 2019.

Financial targets
The Board of TF Bank has adopted the following financial targets:

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

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

Capital structure
TF Bank's aim is that all capital ratios should exceed the regulatory requirement (including pillar 2) by at least 2.5 percentage points.

Dividend policy
TF Bank's dividend policy is to distribute surplus capital in relation to capital targets and the bank's capital planning.

Significant events, January - March 2019
TF Bank has within its segment Ecommerce Solutions signed an agreement with Estonia's largest online retailer Hansapost. The agreement runs for several years and is expected to generate significant volumes over time.

New agreements for continuing sale of past due loans have been signed in several markets. Agreements have been signed in segment Consumer Lending and Ecommerce Solutions.

The Board of Directors of TF Bank has decided to initiate a process to simplify the legal group structure by merging TF Bank with its wholly-owned subsidiaries BB Bank ASA, Avarda AB and Avarda Oy. The intention is to carry out the mergers during the fourth quarter of 2019.

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

LOAN PORTFOLIO PERFORMANCE IN 2017-2019 (SEK MILLION)

INCOME STATEMENT, CONSOLIDATED

SEK thousand	Note	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
	3			
Operating income				
Interest income		184,698	146,397	657,241
Interest expense		-23,303	-18,803	-82,550
Net interest income		**161,395**	**127,594**	**574,691**
Fee and commission income		17,328	13,835	61,130
Fee and commission expense		-3,236	-1,987	-9,720
Net fee and commission income		**14,092**	**11,848**	**51,410**
Net results from financial transactions		482	1,458	1,540
Total operating income		**175,969**	**140,900**	**627,641**
Operating expenses				
General administrative expenses		-59,601	-51,431	-222,939
Depreciation and amortisation of tangible and intangible assets		-4,105	-2,356	-9,955
Other operating expenses		-3,102	-3,046	-14,642
Total operating expenses		**-66,808**	**-56,833**	**-247,536**
Profit before loan losses		**109,161**	**84,067**	**380,105**
Net loan losses	2	-43,536	-35,509	-150,272
Items affecting comparability		-	-	20,295
Operating profit		**65,625**	**48,558**	**250,128**
Income tax expense		-15,111	-11,293	-58,302
Net profit for the period		**50,514**	**37,265**	**191,826**
Attributable to:				
Shareholders of the Parent Company		*49,043*	*37,265*	*188,126*
Additional tier 1 capital holders		*1,471*	*-*	*3,700*
Basic earnings per share (SEK)		*2.28*	*1.73*	*8.75*
Diluted earnings per share (SEK)		*2.28*	*1.73*	*8.75*

STATEMENT OF COMPREHENSIVE INCOME, CONSOLIDATED

SEK thousand	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Net profit for the period	**50,514**	**37,265**	**191,826**
Other comprehensive income			
Items that may subsequently be reclassified to the income statement			
Gross fair value change relating to available-for-sale financial assets / fair value through other comprehensive income	-	15	-
Gross exchange differences	198	687	1,302
Tax on exchange differences in the period	3,315	3,030	303
Other comprehensive income, net of tax	**3,513**	**3,732**	**1,605**
Total comprehensive income for the period	**54,027**	**40,997**	**193,431**
Attributable to:			
Shareholders of the Parent Company	*52,556*	*40,997*	*189,731*
Additional tier 1 capital holders	*1,471*	-	*3,700*

STATEMENT OF FINANCIAL POSITION, CONSOLIDATED

SEK thousand	Note	31 Mar 2019	31 Dec 2018
	2, 4, 5, 10		
ASSETS			
Cash and balances with central banks		482,815	225,610
Treasury bills eligible for refinancing		60,132	70,118
Loans to credit institutions		1,045,484	1,148,863
Loans to the public	6	5,089,740	4,449,225
Shares		22,188	21,128
Goodwill		12,957	12,350
Intangible assets		44,388	38,199
Tangible assets		25,113	2,471
Other assets		15,013	23,596
Current tax assets		28,482	22,696
Deferred tax assets		7,765	7,254
Prepaid expenses and accrued income		5,035	22,578
TOTAL ASSETS		**6,839,112**	**6,044,088**
LIABILITIES AND EQUITY			
Liabilities			
Deposits and borrowings from the public		5,813,238	5,096,463
Other liabilities		55,612	29,897
Current tax liabilities		14,987	14,877
Deferred tax liabilities		4,560	5,852
Accrued expenses and prepaid income		72,787	71,781
Subordinated liabilities		98,755	98,570
Total liabilities		**6,059,939**	**5,317,440**
Equity			
Share capital (21,500,000 shares of SEK 5 each)		107,500	107,500
Other contributed capital		3,536	3,536
Reserves		3,974	461
Retained earnings and net profit for the period		564,163	515,151
Total equity attributable to the shareholders of the Parent Company		**679,173**	**626,648**
Tier 1 capital instrument		100,000	100,000
Total equity attributable to the owners of the Parent Company		**779,173**	**726,648**
TOTAL LIABILITIES AND EQUITY		**6,839,112**	**6,044,088**

STATEMENT OF CHANGES IN EQUITY, CONSOLIDATED

SEK thousand	Share capital	Other contributed capital	Reserves	Retained earnings and net profit for the period	Tier 1 capital instrument	Total equity
Equity as at 31 Dec 2017	107,500	1,500	-1,144	432,950	-	540,806
Transition impact of implementation of IFRS 9	-	-	-	-55,415	-	-55,415
Equity as at 1 Jan 2018	**107,500**	**1,500**	**-1,144**	**377,535**	**-**	**485,391**
Net profit for the period	-	-	-	191,826	-	191,826
Gross exchange differences	-	-	1,302	-	-	1,302
Tax on exchange differences in the period	-	-	303	-	-	303
Total comprehensive income for the period, net of tax	**-**	**-**	**1,605**	**191,826**	**-**	**193,431**
Dividend	-	-	-	-48,375	-	-48,375
Issue of Tier 1 capital	-	-	-	-	100,000	100,000
Transaction costs, issue of Tier 1 capital	-	-	-	-1,982	-	-1,982
Tax effect, transaction costs issue of Tier 1 capital	-	-	-	436	-	436
Interest Tier 1 capital	-	-	-	-3,700	-	-3,700
Share-based compensation	-	2,036	-	-589	-	1,447
Equity as at 31 Dec 2018	**107,500**	**3,536**	**461**	**515,151**	**100,000**	**726,648**
Equity as at 1 Jan 2019	**107,500**	**3,536**	**461**	**515,151**	**100,000**	**726,648**
Net profit for the period	-	-	-	50,514	-	50,514
Gross exchange differences	-	-	198	-	-	198
Tax on exchange differences in the period	-	-	3,315	-	-	3,315
Total comprehensive income for the period, net of tax	**-**	**-**	**3,513**	**50,514**	**-**	**54,027**
Interest Tier 1 capital	-	-	-	-1,471	-	-1,471
Share-based compensation	-	-	-	-31	-	-31
Equity as at 31 Mar 2019	**107,500**	**3,536**	**3,974**	**564,163**	**100,000**	**779,173**

CASH FLOW STATEMENT, CONSOLIDATED

SEK thousand	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Operating activities			
Operating profit	65,625	48,558	250,128
Adjustment for items not included in cash flow			
Depreciation and amortisation of tangible and intangible assets	4,105	2,356	9,955
Accrued interest income and expense	-16,398	-21,022	-5,250
Other non-cash items	-8,807	-14,581	-14,772
Paid income tax	-17,473	-9,794	-62,760
	27,052	**5,517**	**177,301**
Increase/decrease in loans to the public	-640,515	-433,633	-1,364,034
Increase/decrease in other short-term receivables	25,931	50,635	36,172
Increase/decrease in deposits and borrowings from the public	716,775	464,794	1,342,433
Increase/decrease in other short-term liabilities	16,806	16,851	23,350
Cash flow from operating activities	**146,049**	**104,164**	**215,222**
Investing activities			
Investments in tangible assets	-557	-905	-2,010
Investments in intangible assets	-9,340	-4,770	-17,882
Cash flow from investing activities	**-9,897**	**-5,675**	**-19,893**
Financing activities			
Issue of Tier 1 capital	-	-	98,454
Interest Tier 1 capital	-1,471	-	-3,700
Dividends paid	-	-	-48,375
Share-based remuneration	-31	-1,314	1,447
Cash flow from financing activities	**-1,502**	**-1,314**	**47,826**
Cash flow for the period	**134,650**	**97,175**	**243,155**
Cash and cash equivalents at the beginning of period	1,444,591	1,188,389	1,188,389
Exchange difference in cash and cash equivalents	9,190	15,518	13,074
Cash and cash equivalents at the end of period	**1,588,431**	**1,301,082**	**1,444,591**
Cash flow from operating activities includes interest expenses paid and interest payments received			
Interest expenses paid	37,889	38,255	89,074
Interest payments received	159,066	141,117	636,754
Components of cash and cash equivalents			
Cash and balances with central banks	482,815	159,510	225,610
Treasury bills eligible for refinancing	60,132	60,225	70,118
Loans to credit institutions	1,045,484	1,081,347	1,148,863
Total cash and cash equivalents	**1,588,431**	**1,301,082**	**1,444,591**

NOTES

NOTE 1 General information

OWNERSHIP OF TF BANK AB AS AT 31 MARCH 2019 (ACCORDING TO THE SHAREHOLDERS' REGISTER)

Shareholder	%
TFB Holding AB	38.56
Erik Selin Fastigheter AB	11.63
Tiberon AB	10.19
Merizole Holding Ltd	7.01
Danica Pension Försäkringsaktiebolag	6.35
Proventus Aktiebolag	3.00
Prior & Nilsson Fond- och Kapitalförvaltning AB	2.51
Nordnet pensionsförsäkringar AB	1.35
Skandia fonder	1.32
Pareto Nordic Return	1.23
Other shareholders	16.85
Total	**100.00**

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

Parent Company
- TF Bank AB (556158-1041)

Branches
- TF Bank AB, branch Finland (2594352-3)
- TF Bank AB, branch Poland (PL9571076774)
- TF Bank AB, branch Estonia (14304235)

Subsidiaries
- Avarda AB (556986-5560) 100%
- Avarda Oy (2619111-6) 100%
- BB Bank ASA (935590221) 100%
- TFB Service SIA (40203015782) 100%
- TFB Service UAB (304785170) 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 the financial markets and seeks to minimise potential adverse effects on the Group's financial results. TF Bank uses derivative instruments to hedge foreign currency exposure and applies hedge accounting for some net investments in its foreign operations.

The Board of Directors establishes written policies and guidelines. Compliance with the governing documents as well as the level of credit risk in the Group 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, which has the ultimate responsibility for managing credit risk. The Board of Directors has issued a credit policy which establishes the framework for the Group's lending activities. A credit committee monitors the development of the level of credit risk in the loan portfolios on a continuous basis. It makes decisions on, and implements, changes to the Group's lending within the framework of the established credit policy and also proposes amendments to the policy to the Board of Directors. A report on performance is provided at every 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 and/or external credit assessments in accordance with the limits set by the Board of Directors. The Group's use of credit limits for loans to the public is strictly limited and is regularly monitored. The Group cannot enter into credit agreements with legal entities without the approval of the Board of Directors. By only approving counterparties with an external credit rating and by setting limits for the maximum exposure to each counterparty, the Board of Directors also limits the credit risk relating to cash and cash equivalents.

The Group's credit approval process maintains high standards regarding ethics, quality and control. Despite credit risk being the largest risk exposure for the Group, the provision for credit losses is small in proportion to the outstanding loan volume (see Note 6). The reason for this is that the Group regularly sells past due loans to debt collection agencies in markets where the Board of Directors considers the price level to be favourable for the Group's performance and risk profile. This is currently the case for most markets. As a result, the Group continuously realises expected credit losses through the sale of past due loans. The remaining portfolio has a limited number of non-performing loans (stage 3) and consequently a relatively low level of provisions.

Note 2 cont.

The objective of the Group's process for monitoring past due payments and unsettled receivables is to minimise credit losses by detecting payment issues early and implementing rapid intervention where needed. The monitoring is supported by a separate "pre-collection" system for past due payments involving automatic monitoring and reminders when payments are past due.

The Group's loans to the public consist 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 provisions in relation to credit volume is low.

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 a risk assessment that is as precise, cost-effective and accurate 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.

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 2019	31 Dec 2018
Cash and balances with central banks		
AAA	279,673	82,067
AA+	188,939	135,021
AA-	4,270	-
A-	9,933	8,522
Treasury bills eligible for refinancing		
AAA	60,132	70,118
Loans to credit institutions		
A-1+	319,945	253,214
A-1	695,607	859,703
A-2	24,884	28,502
Unrated	5,048	7,444
Other assets		
A-1+	66	5,944
A-1	21,918	20,871
Unrated	15,146	17,568
Total	**1,625,561**	**1,488,974**

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

Note 2 cont.

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. the loan is 30 days past due or more, and in the third category there is objective evidence of impairment, i.e. the loan is more than 90 days past due. 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 lifetime of the asset. Expected loan 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 supplemented 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 (stage 3) 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 value of the asset and the present value is recognised as a realised loan loss. Non-performing loans (stage 3) are recognised as realised loan losses when they have been transferred for long-term monitoring by the debt collection agency, the customer is confirmed deceased or another loss event has been identified. Amounts received from previously realised loan losses are recognised in the income statement.

NET LOAN LOSSES

Group SEK thousand	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Change in provision for sold non-performing loans	-24,032	-26,532	-110,670
Realised loan losses	-10,297	-12,814	-39,384
Recovered from previous write-offs	1,450	1,424	8,540
Change in provision for other expected loan losses	-	2,413	-
Change in provision for expected loan losses, stage 1-3	-10,658	-	-8,758
Net loan losses	**-43,536**	**-35,509**	**-150,272**

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

NOTE 3 Operating segments

The CEO has ultimate responsibility for the decisions 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 operating profit.

CONSUMER LENDING

Income statement, SEK thousand	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Net interest income	128,238	104,797	456,493
Net fee and commission income	6,378	6,043	25,561
Net results from financial transactions	376	1,316	1,412
Total operating income	**134,992**	**112,156**	**483,466**
General administrative expenses	-36,040	-31,239	-138,395
Depreciation and amortisation of tangible and intangible assets	-2,264	-1,238	-5,131
Other operating expenses	-2,692	-2,625	-11,757
Total operating expenses	**-40,996**	**-35,102**	**-155,283**
Profit before loan losses	**93,996**	**77,054**	**328,183**
Net loan losses	-39,101	-25,010	-113,376
Operating profit	**54,895**	**52,044**	**214,807**
Attributable to:			
The shareholders of the Parent company	*53,748*	*52,044*	*211,889*
Additional tier 1 capital holders	*1,147*	-	*2,918*

ECOMMERCE SOLUTIONS

Income statement, SEK thousand	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Net interest income	33,157	22,797	118,198
Net fee and commission income	7,714	5,805	25,849
Net results from financial transactions	106	142	128
Total operating income	**40,977**	**28,744**	**144,175**
General administrative expenses	-23,561	-20,192	-84,544
Depreciation and amortisation of tangible and intangible assets	-1,841	-1,118	-4,824
Other operating expenses	-410	-421	-2,885
Total operating expenses	**-25,812**	**-21,731**	**-92,253**
Profit before loan losses	**15,165**	**7,013**	**51,922**
Net loan losses	-4,435	-10,499	-36,896
Operating profit	**10,730**	**-3,486**	**15,026**
Attributable to:			
The shareholders of the Parent company	*10,406*	*-3,486*	*14,244*
Additional tier 1 capital holders	*324*	-	*782*

Note 3 cont.

CONSUMER LENDING

Balance sheet, SEK thousand	31 Mar 2019	31 Dec 2018
Loans to the public		
Household sector	4,009,687	3,466,309
Total loans to the public	**4,009,687**	**3,466,309**
Household sector		
Stage 1, net	3,793,565	3,287,807
Stage 2, net	146,964	130,138
Stage 3, net [1]	69,158	48,364
Total household sector	**4,009,687**	**3,466,309**

ECOMMERCE SOLUTIONS

Balance sheet, SEK thousand	31 Mar 2019	31 Dec 2018
Loans to the public		
Household sector	1,061,293	982,916
Corporate sector [2]	18,760	-
Total loans to the public	**1,080,053**	**982,916**
Household sector		
Stage 1, net	986,289	899,857
Stage 2, net	61,896	70,469
Stage 3, net [1]	13,108	12,590
Total household sector	**1,061,293**	**982,916**

GROUP

Income statement, SEK thousand	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Operating income			
Consumer Lending	134,992	112,156	483,466
Ecommerce Solutions	40,977	28,744	144,175
Total operating income for the Group	**175,969**	**140,900**	**627,641**
Operating profit			
Consumer Lending	54,895	52,044	214,807
Ecommerce Solutions	10,730	-3,486	15,026
Items affecting comparability	-	-	20,295
Total operating profit for the Group	**65,625**	**48,558**	**250,128**

Balance sheet, SEK thousand	31 Mar 2019	31 Dec 2018
Loans to the public		
Consumer Lending	4,009,687	3,466,309
Ecommerce Solutions	1,080,053	982,916
Total loans to the public for the Group	**5,089,740**	**4,449,225**

[1] The group continuously sells delinquent loans before they reach category 3.
[2] Lending to the corporate sector consists entirely of a loan to one of the segments partners in digital payment solutions. No provision has been made for the lending to the corporate sector, as there are no circumstances makes such a provision relevant.

NOTE 4 Classification of financial assets and liabilities

Group 31 Mar 2019 SEK thousand	Financial instruments at fair value through profit or loss *Compulsory*	Fair value through other comprehensive income	Amortised cost	Derivatives used for hedge accounting	Non-financial assets and liabilities	Total
Assets						
Cash and balances with central banks	-	-	482,815	-	-	482,815
Treasury bills eligible for refinancing	-	60,132	-	-	-	60,132
Loans to credit institutions	-	-	1,045,484	-	-	1,045,484
Loans to the public	-	-	5,089,740	-	-	5,089,740
Shares	22,188	-	-	-	-	22,188
Goodwill	-	-	-	-	12,957	12,957
Intangible assets	-	-	-	-	44,388	44,388
Tangible assets	-	-	-	-	25,113	25,113
Current tax assets	-	-	-	-	28,482	28,482
Deferred tax assets	-	-	-	-	7,765	7,765
Prepaid expenses and accrued income	-	-	-	-	5,035	5,035
Derivatives	8	-	-	58	-	66
Other assets	-	-	-	-	14,947	14,947
Total assets	**22,196**	**60,132**	**6,618,039**	**58**	**138,687**	**6,839,112**
Liabilities						
Deposits and borrowings from the public	-	-	5,813,238	-	-	5,813,238
Current tax liabilities	-	-	-	-	14,987	14,987
Deferred tax liabilities	-	-	-	-	4,560	4,560
Accrued expenses and prepaid income	-	-	-	-	72,787	72,787
Subordinated liabilities	-	-	98,755	-	-	98,755
Derivatives	482	-	-	28	-	510
Other liabilities	-	-	-	-	55,102	55,102
Total liabilities	**482**	**-**	**5,911,993**	**28**	**147,436**	**6,059,939**

Note 4 cont.

Group 31 Dec 2018 SEK thousand	Financial instruments at fair value through profit or loss *Compulsory*	Fair value through other comprehensive income	Amortised cost	Derivatives used for hedge accounting	Non-financial assets and liabilities	Total
Assets						
Cash and balances with central banks	-	-	225,610	-	-	225,610
Treasury bills eligible for refinancing	-	70,118	-	-	-	70,118
Loans to credit institutions	-	-	1,148,863	-	-	1,148,863
Loans to the public	-	-	4,449,225	-	-	4,449,225
Shares	21,128	-	-	-	-	21,128
Goodwill	-	-	-	-	12,350	12,350
Intangible assets	-	-	-	-	38,199	38,199
Tangible assets	-	-	-	-	2,471	2,471
Current tax assets	-	-	-	-	22,696	22,696
Deferred tax assets	-	-	-	-	7,254	7,254
Prepaid expenses and accrued income	-	-	-	-	22,578	22,578
Derivatives	4,397	-	-	1,520	-	5,917
Other assets	-	-	-	-	17,679	17,679
Total assets	**25,525**	**70,118**	**5,823,698**	**1,520**	**123,227**	**6,044,088**
Liabilities						
Deposits and borrowings from the public	-	-	5,096,463	-	-	5,096,463
Current tax liabilities	-	-	-	-	14,877	14,877
Deferred tax liabilities	-	-	-	-	5,852	5,852
Accrued expenses and prepaid income	-	-	-	-	71,781	71,781
Subordinated liabilities	-	-	98,570	-	-	98,570
Derivatives	3	-	-	24	-	27
Other liabilities	-	-	-	-	29,870	29,870
Total liabilities	**3**	**-**	**5,195,033**	**24**	**122,380**	**5,317,440**

NOTE 5 Financial assets and liabilities measured at fair value

Fair value
For financial instruments measured at fair value in the balance sheet, disclosures are required on fair value measurement by level according to the fair value hierarchy below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Other observable inputs for assets or liabilities are quoted market prices included in Level 1, either directly, i.e. in the form of quoted prices, or indirectly, i.e. derived from quoted prices (Level 2).
- Data for 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, 31 Mar 2019 SEK thousand	Level 1	Level 2	Level 3	**Total**
Assets				
Treasury bills eligible for refinancing	60,132	-	-	60,132
Shares	21,919	269	-	22,188
Derivatives	-	66	-	66
Total assets	**82,051**	**335**	**-**	**82,386**
Liabilities				
Subordinated liabilities	98,755	-	-	98,755
Derivatives	-	510	-	510
Total liabilities	**98,755**	**510**	**-**	**99,265**

Group, 31 Dec 2018 SEK thousand	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills eligible for refinancing	70,118	-	-	70,118
Shares	20,872	256	-	21,128
Derivatives	-	5,944	-	5,944
Total assets	**90,990**	**6,200**	**-**	**97,190**
Liabilities				
Subordinated liabilities	98,570	-	-	98,570
Derivatives	-	27	-	27
Total liabilities	**98,570**	**27**	**-**	**98,597**

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 information. An instrument is classified as Level 2 if all significant inputs required for fair value measurement of 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 measure financial instruments include:

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

For loans to the public the fair value is based on discounted cash flows using an interest rate based on the market rate at the balance sheet date, which was 17.31 % as at 31 March 2019 and 18.18 % as at 31 December 2018.

Note 5 cont.

Group **31 Mar 2019** **SEK thousand**	Carrying amount	Fair value	Fair value gain (+)/Fair value loss (-)
Assets			
Cash and balances with central banks	482,815	482,815	-
Treasury bills eligible for refinancing	60,132	60,132	-
Loans to credit institutions	1,045,484	1,045,484	-
Loans to the public	5,089,740	5,089,740	-
Shares	22,188	22,188	-
Derivatives	66	66	-
Total assets	**6,700,425**	**6,700,425**	**-**
Liabilities			
Deposits from the public	5,813,238	5,813,238	-
Subordinated liabilities	98,755	98,755	-
Derivatives	510	510	-
Total liabilities	**5,912,503**	**5,912,503**	**-**

Group **31 Dec 2018** **SEK thousand**	Carrying amount	Fair value	Fair value gain (+)/Fair value loss (-)
Assets			
Cash and balances with central banks	225,610	225,610	-
Treasury bills eligible for refinancing	70,118	70,118	-
Loans to credit institutions	1,148,863	1,148,863	-
Loans to the public	4,449,225	4,449,225	-
Shares	21,128	21,128	-
Derivatives	5,944	5,944	-
Total assets	**5,920,888**	**5,920,888**	**-**
Liabilities			
Deposits from the public	5,096,463	5,096,463	-
Subordinated liabilities	98,570	98,570	-
Derivatives	27	27	-
Total liabilities	**5,195,060**	**5,195,060**	**-**

NOTE 6 Loans to the public

Group SEK thousand	31 Mar 2019	31 Dec 2018
Loans to the household sector	5,070,980	4,449,225
Loans to the corporate sector [1]	18,760	-
Total loans to the public	**5,089,740**	**4,449,225**
Loans to the household sector, gross		
Stage 1, gross	4,851,989	4,257,021
Stage 2, gross	228,086	219,972
Stage 3, gross [2]	146,909	115,241
Total loans to the household sector, gross	**5,226,984**	**4,592,234**
Provisions for expected loan losses		
Stage 1	-72,135	-69,357
Stage 2	-19,226	-19,365
Stage 3 [2]	-64,644	-54,287
Total provisions for expected loan losses	**-156,004**	**-143,009**
Loans to the household sector, net		
Stage 1, net	4,779,854	4,187,664
Stage 2, net	208,860	200,607
Stage 3, net [2]	82,265	60,954
Total loans to the household sector, net	**5,070,980**	**4,449,225**
Geographic distribution of net loans		
Norway	1,696,909	1,374,840
Finland	1,314,317	1,195,871
Sweden	667,840	661,445
Estonia	621,435	542,419
Poland	403,431	370,854
Latvia	322,065	257,082
Denmark	42,259	38,427
Lithuania	13,110	6,417
Germany	8,374	1,870
Total loans, net book value	**5,089,740**	**4,449,225**

CHANGE IN PROVISION FOR NET LOAN LOSSES

Group SEK thousand	31 Mar 2019	31 Dec 2018
Opening balance	**-143,009**	**-131,544**
Change in provision for sold non-performing loans	-24,022	-110,669
Reversal of provision for sold non-performing loans	24,022	110,669
Change in provision for expected loan losses in stage 1	-1,755	-3,323
Change in provision for expected loan losses in stage 2	575	-1,220
Change in provision for expected loan losses in stage 3	-9,480	-4,009
Exchange rate fluctuations	-2,335	-2,913
Closing balance	**-156,004**	**-143,009**

[1] Lending to the corporate sector consists entirely of a loan to one of the segments partners in digital payment solutions. No provision has been made for the lending to the corporate sector, as there are no circumstances makes such a provision relevant.
[2] The group continuously sells delinquent loans before they reach category 3.

NOTE 7 Capital adequacy analysis

Background
Information about the Group's capital adequacy includes information in accordance with Chapter 6, Sections 3-4 of the Swedish Financial Supervisory Authority's regulations and general guidelines (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 Regulation (EU) No 575/2013 and Chapter 8, Section 7 of the Swedish Financial Supervisory Authority's regulations and general guidelines on regulatory requirements and capital buffers (FFFS 2014:12) and column A, Annex 6 of the Commission Implementing Regulation (EU) No 1423/2013. Other information required pursuant to 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 and is under the supervision of the Swedish Financial Supervisory Authority. As a result, the company is subject to the rules governing credit institutions in Sweden. TF Bank AB was listed on the stock exchange in 2016, which means that the stock exchange rules are also applicable.

Information about own funds and capital requirements
The Group and Parent Company's statutory capital requirements are governed by the Swedish Special Supervision of Credit Institutions and Investment Firms Act (2014:968), Regulation (EU) No 575/2013, the Act on Capital Buffers (2014:966) and the Swedish Financial Supervisory Authority's regulations and general recommendations on regulatory requirements and capital buffers (FFFS 2014:12).

The purpose of the regulations is to ensure that the Group and Parent Company are able to manage risks and protect customers. The regulations state that 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 Financial Supervisory Authority both on an individual basis for TF Bank AB and on a consolidated basis with TF Bank AB as the Parent Company.

On 20 March 2019 the Swedish FSA approved TF Bank's application to include the interim profit in own funds at Group and Parent Company level 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.

IFRS 9 Transitional arrangements
The Bank has notified the Swedish Financial Supervisory Authority that the Bank, at Group and Parent Company level, applies the transitional arrangements 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, 12/01/2018, is included in the information published under Part 8 of 575/2013/EU and can be found on the Bank's website www.tfbankgroup.com.

THE GROUP'S CAPITAL SITUATION

Group SEK thousand	**31 Mar 2019**	31 Dec 2018
Common Equity Tier 1 (CET1) capital after any regulatory adjustments	604,254	580,533
Additional Tier 1 (AT1) capital after any regulatory adjustments	100,000	100,000
Tier 2 capital after any regulatory adjustments	98,755	98,570
Own funds	**803,009**	**779,103**
Risk exposure amount	4,929,176	4,466,109
- of which: credit risk	*4,137,664*	*3,655,211*
- of which: credit valuation adjustment	*1,507*	*2,692*
- of which: market risk	*-*	*18,201*
- of which: operational risk	*790,005*	*790,005*
CET1 capital ratio, %	12.26	13.00
Tier 1 capital ratio, %	14.29	15.24
Total capital ratio, %	16.29	17.44
Total CET1 capital requirement incl. capital buffer requirements	393,841	355,503
- of which: capital conservation buffer	*123,229*	*111,653*
- of which: countercyclical capital buffer	*48,799*	*42,875*
CET1 capital available to use as buffer [1]	382,441	379,558

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

Note 7 cont.

OWN FUNDS

Group SEK thousand	31 Mar 2019	31 Dec 2018
CET1 capital		
Share capital	107,500	107,500
Other contributed capital	3,536	3,536
Reserves	3,973	461
Retained earnings including net profit for the period	564,163	515,150
Adjustments to CET1 capital:		
- Deduction of foreseeable costs and dividends [1]	-65,665	-49,450
- Transitional arrangements IFRS 9	50,787	56,072
- Intangible assets	-57,346	-50,549
- Deferred tax assets that rely on future profitability	-2,694	-2,187
Total CET1 capital	604,254	580,533
Additional Tier 1 capital		
Perpetual subordinated loan	100,000	100,000
Tier 2 capital		
Fixed term subordinated loan	98,755	98,570
Own funds	**803,009**	**779,103**

SPECIFICATION OF RISK EXPOSURE AMOUNTS

Group SEK thousand	31 Mar 2019	31 Dec 2018
Credit risk under the standardised approach		
Corporate exposures	18,960	8
Household exposures	3,766,403	3,306,104
Secured by collateral	300	292
Exposures in default	88,411	64,296
Exposures to institutions with a short-term credit assessment	219,420	243,071
Equity exposures	269	256
Other items	43,901	41,184
Total risk-weighted exposure amount	**4,137,664**	**3,655,211**
Credit valuation adjustment		
Standardised method	1,507	2,692
Total risk exposure amount	**1,507**	**2,692**
Market risk [2]		
Foreign exchange risk	-	18,201
Total risk exposure amount	**-**	**18,201**
Operational risk		
Standardised approach	790,005	790,005
Total risk exposure amount	**790,005**	**790,005**
Total risk exposure amount	**4,929,176**	**4,466,109**

[1] Deduction of dividends from own funds have been made in accordance with the Board of Directors' proposal to the Annual General Meeting 2019 and the dividend policy.
[2] The capital requirement for foreign exchange risk is calculated in accordance with Article 351 of Regulation (EU) 575/2013.

NOTE 8 Pledged assets

Group SEK thousand	31 Mar 2019	31 Dec 2018
Group liabilities		
Relating to borrowing from credit institutions		
Loans	32,247	30,735
Other assets	459	445
Total	**32,706**	**31,180**

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 31 March 2019 the facility had not been used.

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 took place at the prevailing market rate.

Group SEK thousand	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
The following transactions took place between companies within the Group:			
General administrative expenses	-248	-54	-977
Total	**-248**	**-54**	**-977**
The following transactions have been made with other related parties:			
Interest income (transaction costs)	-16,815	-15,858	-64,743
General administrative expenses	-1,122	-1,085	-4,599
Total	**-17,937**	**-16,943**	**-69,342**
Acquisition of assets and liabilities from other related parties:			
Ecommerce Solutions	190,991	168,047	693,685
Total	**190,991**	**168,047**	**693,685**

Group SEK thousand	31 Mar 2019	31 Dec 2018
Assets at the end of the period as a result of transactions with other related parties:		
Other assets	172	1
Total	**172**	**1**
Liabilities at the end of the period as a result of transactions with other related parties:		
Other liabilities	3,160	2,596
Total	**3,160**	**2,596**

NOTE 10 Transition impact of implementation of IFRS 16

SEK thousand	Group		
	IAS 17		IFRS 16
	Closing balance 31 December 2018	Transition impact of implementation of IFRS 16	Opening balance 1 January 2019
ASSETS			
Cash and balances with central banks	225,610	-	225,610
Treasury bills eligible for refinancing	70,118	-	70,118
Loans to credit institutions	1,148,863	-	1,148,863
Loans to the public	4,449,225	-	4,449,225
Shares	21,128	-	21,128
Goodwill	12,350	-	12,350
Intangible assets	38,199	-	38,199
Tangible assets	2,471	23,646	26,117
Other assets	23,596	-	23,596
Current tax assets	22,696	-	22,696
Deferred tax assets	7,254	-	7,254
Prepaid expenses and accrued income	22,578	-438	22,140
TOTAL ASSETS	**6,044,088**	**23,208**	**6,067,296**
LIABILITIES AND EQUITY			
Liabilities			
Deposits and borrowings from the public	5,096,463	-	5,096,463
Other liabilities	29,897	23,208	53,105
Current tax liabilities	14,877	-	14,877
Deferred tax liabilities	5,852	-	5,852
Accrued expenses and prepaid income	71,781	-	71,781
Subordinated liabilities	98,570	-	98,570
Total Liabilities	**5,317,440**	**23,208**	**5,340,648**
Total equity	**726,648**	**-**	**726,648**
TOTAL LIABILITIES AND EQUITY	**6,044,088**	**23,208**	**6,067,296**

Reconciliation of obligations

SEK thousand	Group
Operating lease commitments as at 31 December 2018	25,868
Discounted using the marginal borrowing rate	-1,498
Deductible: Short-term leases carried as an expense on a straight-line basis	-67
Deductible: Leases were the underlying asset is of low value	-147
Added/Deductible: Adjustments due to other management of warrants to extend or terminate contracts	2,253
Deductible: Leases that have not yet taken effect	-2,763
Deductible: Prepaid rent	-438
Lease liability recognised as at 1 January 2019	**23,208**

PARENT COMPANY

JANUARY - MARCH 2019

COMPARED WITH JANUARY - MARCH 2018 (unless otherwise stated)

Overview
TF Bank AB, corporate identity number 556158-1041, is a bank registered in Borås, 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.

Operating income
The Parent company's operating income amounted to SEK 113.8 million (101.1). A higher net interest income from the loan portfolio is the main reason for the increase. Net results from financial transactions affects operating income by -13.6 million (-9.9), which is mainly due to the fact that exchange differences on shares in foreign subsidiaries are not translated at current exchange rates, while debt instruments used to finance the shares are translated.

Operating expenses
Operating expenses amounted to SEK 45.6 million (38.3). The increase is mainly related to higher employee expenses and expenses attributable to higher new lending and more customers. The average number of full-time employees was 105 (87) during the first quarter of 2019.

Net loan losses
Net loan losses amounted to SEK 37.9 million (29.1). Higher loan loss provisions related to new agreements for continuing sale of past due loans affects the loan losses during the first quarter of the year. The underlying credit quality has improved compared to the corresponding period in 2018.

Operating profit
The Parent company's operating profit amounted to SEK 30.3 million (33.7) during the first quarter of 2019. Net results from financial transactions affected the operating profit by -13.6 million (-9.9).

Loans to the public
Loans to the public amounted to SEK 3,352 million (3,077) at the end of the first quarter. The increase during the first three months of the year is mainly related to the consumer loans in the Baltics and in Finland. The amount includes lending of SEK 225 million (255) to the subsidiary Avarda.

Deposits from the public
Deposits from the public amounted to SEK 4,158 million (4,061) at the end of the interim period. The increase during the first quarter is related to deposits in Germany, while the Swedish deposit balance has decreased.

Loans to credit institutions
Loans to credit institutions amounted to SEK 927 million (1,174) at the end of the first quarter. The loans are placed on overnight accounts in various Nordic banks. The amount for the comparative period includes lending of SEK 133 million to the subsidiary BB Bank.

Shares in group companies
Shares in Group companies amounted to SEK 466 million (434) at the end of the interim period. The increase is explained by a new issue in BB Bank during the quarter.

Capital adequacy
The Parent company's total capital ratio was 19.4 % (20.4), the Tier 1 capital ratio was 17.0 % (17.8) and the CET1 capital ratio was 14.5 % (15.3) at the end of the quarter. The strong growth of the loan portfolio as well as regulatory changes have impacted the capital ratios during the quarter. However, all capital ratios remain at levels that provide a margin compared with the internal capital targets.

INCOME STATEMENT, PARENT COMPANY

SEK thousand	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Operating income			
Interest income	136,216	117,003	528,995
Interest expense	-16,414	-14,138	-61,398
Net interest income	**119,802**	**102,865**	**467,597**
Fee and commission income	9,461	9,020	36,267
Fee and commission expense	-1,841	-884	-4,417
Net fee and commission income	**7,620**	**8,136**	**31,850**
Net results from financial transactions	-13,590	-9,936	1,664
Total operating income	**113,832**	**101,065**	**501,111**
Operating expenses			
General administrative expenses	-41,486	-34,154	-150,088
Depreciation and amortisation of tangible and intangible assets	-1,450	-1,406	-5,671
Other operating expenses	-2,621	-2,691	-12,449
Total operating expenses	**-45,557**	**-38,251**	**-168,208**
Profit before loan losses	**68,275**	**62,814**	**332,903**
Net loan losses	-37,936	-29,124	-124,940
Operating profit	**30,339**	**33,690**	**207,963**
Appropriations	-	-	13,149
Income tax expense	-6,822	-7,618	-38,118
Net profit for the period	**23,517**	**26,072**	**182,994**

STATEMENT OF COMPREHENSIVE INCOME, PARENT COMPANY

SEK thousand	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Net profit for the period	**23,517**	**26,072**	**182,994**
Other comprehensive income			
Items that may subsequently be reclassified to the income statement			
Exchange differences during the period, net of tax	-	-	-
Other comprehensive income, net of tax	**-**	**-**	**-**
Total comprehensive income for the period	**23,517**	**26,072**	**182,994**

STATEMENT OF FINANCIAL POSITION, PARENT COMPANY

SEK thousand	31 Mar 2019	31 Dec 2018
ASSETS		
Cash and balances with central banks	203,142	143,543
Treasury bills eligible for refinancing	60,132	70,118
Loans to credit institutions	926,747	1,174,142
Loans to the public	3,351,693	3,077,158
Shares	21,918	20,871
Shares in group companies	466,317	433,872
Intangible assets	21,792	18,725
Tangible assets	1,897	1,696
Other assets	4,615	9,585
Current tax assets	28,910	23,178
Deferred tax assets	4,030	3,921
Prepaid expenses and accrued income	3,112	20,526
TOTAL ASSETS	**5,094,305**	**4,997,335**
LIABILITIES AND EQUITY		
Liabilities		
Deposits and borrowings from the public	4,158,409	4,061,396
Other liabilities	47,538	66,294
Deferred tax liabilities	-	1,308
Accrued expenses and prepaid income	54,531	56,741
Subordinated liabilities	98,755	98,570
Total liabilities	**4,359,233**	**4,284,309**
Untaxed reserves	20,659	20,659
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	19,799	15,940
Other contributed capital	3,536	3,536
Total restricted equity	**131,835**	**127,976**
Non-restricted equity		
Tier 1 capital instrument	100,000	100,000
Retained earnings	459,061	281,397
Total comprehensive income for the period	23,517	182,994
Total non-restricted equity	**582,578**	**564,391**
Total equity	**714,413**	**692,367**
TOTAL LIABILITIES AND EQUITY	**5,094,305**	**4,997,335**

NOTE 11 Capital adequacy analysis

Parent company SEK thousand	31 Mar 2019	31 Dec 2018
Common Equity Tier 1 (CET1) capital after any regulatory adjustments	588,520	590,586
Additional Tier 1 (AT1) capital after any regulatory adjustments	100,000	100,000
Tier 2 capital after any regulatory adjustments	98,755	98,570
Own funds	**787,275**	**789,156**
Risk exposure amount	4,057,187	3,870,836
- of which: credit risk	*3,283,961*	*3,102,680*
- of which: credit valuation adjustment	*1,295*	*2,496*
- of which: market risk	*106,816*	*100,545*
- of which: operational risk	*665,115*	*665,115*
CET1 capital ratio, %	14.51	15.26
Tier 1 capital ratio, %	16.97	17.84
Total capital ratio, %	19.40	20.39
Total CET1 capital requirement inclusive of capital buffer requirements	318,895	306,184
- of which: capital conservation buffer	*101,430*	*96,771*
- of which: countercyclical capital buffer	*34,892*	*35,225*
CET1 capital available to use as buffer [1]	405,946	416,398

OWN FUNDS

Parent company SEK thousand	31 Mar 2019	31 Dec 2018
CET1 capital		
Share capital	107,500	107,500
Other reserves	36,914	33,054
Other contributed capital	3,536	3,536
Retained earnings including net profit for the period	482,577	464,391
Adjustment to CET1 capital:		
- Deduction of foreseeable costs and dividends [2]	-65,664	-49,449
- Transitional arrangements IFRS 9	45,449	50,279
- Intangible assets	-21,792	-18,725
Total CET1 capital	588,520	590,586
Additional Tier 1 capital		
Perpetual subordinated loan	100,000	100,000
Tier 2 capital		
Fixed term subordinated loan	98,755	98,570
Own funds	**787,275**	**789,156**

[1] CET1 capital less the statutory minimum requirement of 4.5% excluding buffer requirements. There is an additional total capital requirement of 3.4%.
[2] Deduction of dividends from own funds have been made in accordance with the Board of Directors' proposal to the Annual General Meeting 2019 and the dividend policy.

Note 11 cont.

SPECIFICATION OF RISK EXPOSURE AMOUNTS

Parent company SEK thousand	31 Mar 2019	31 Dec 2018
Credit risk under the standardised approach		
Institute exposures	-	26,690
Corporate exposures	244,236	256,948
Household exposures	2,305,547	2,097,425
Exposures in default	66,532	42,827
Exposures to institutions with a short-term credit assessment	194,276	220,710
Equity exposures	466,317	433,872
Other items	7,053	24,208
Total risk-weighted exposure amount	**3,283,961**	**3,102,680**
Credit valuation adjustment		
Standardised method	1,295	2,496
Total risk exposure amount	**1,295**	**2,496**
Market risk [1]		
Foreign exchange risk	106,816	100,545
Total risk exposure amount	**106,816**	**100,545**
Operational risk		
Standardised approach	665,115	665,115
Total risk exposure amount	**665,115**	**665,115**
Total risk exposure amount	**4,057,187**	**3,870,836**

[1] The capital requirement for foreign exchange risk is calculated in accordance with Article 351 of Regulation (EU) 575/2013.

ASSURANCE BY THE BOARD OF DIRECTORS AND THE CEO

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

The Board of Directors and the CEO certify that the interim report gives a true and fair view of the operations, financial position and results of the Parent Company and the Group and describes the material risks and uncertainties that the Parent Company and the Group are exposed to.

Borås, 24 April 2019

Mari Thjømøe
Chairman

John Brehmer	Bertil Larsson
Charlotta Björnberg-Paul	Tone Bjørnov

Mattias Carlsson
President and CEO

DEFINITIONS

TF Bank uses Alternative Performance Measures that are not defined in the applicable financial reporting framework (IFRS). The Alternative Performance Measures are used to increase understanding of the bank's financial performance among users of the financial statements. Alternative Performance Measures may be calculated in different ways and do not need to be comparable with similar key ratios used by other companies. TF Bank definitions of the Alternative Performance Measures are shown below.

ADJUSTED EARNINGS PER SHARE
Adjusted net profit for the period attributable to the shareholders of the parent company divided by the average number of outstanding shares.

ADJUSTED OPERATING PROFIT
Operating profit for the period excluding items affecting comparability.

ADJUSTED RETURN ON EQUITY
Adjusted net profit for the period attributable to the shareholders of the parent company divided by average equity attributable to the shareholders of the parent company. Rolling 12 months.

ADJUSTED RETURN ON LOANS TO THE PUBLIC
Adjusted net profit for the year attributable to the shareholders of the parent company divided by average lending to the public. Rolling 12 months.

CET1 CAPITAL RATIO
CET1 capital as a percentage of total risk exposure amount.

COST/INCOME RATIO
Operating expenses divided by operating income.

NEW LENDING
New loans (the cash flow) in the period. For Ecommerce Solutions the volume is reduced by product returns.

EARNINGS PER SHARE
Net profit for the period attributable to the shareholders of the parent company divided by the average number of outstanding shares.

EMPLOYEES (FTE)
Average number of full-time employees, including employees on parental leave.

ITEMS AFFECTING COMPARABILITY
Items affecting comparability in 2018 were attributable to reclassification of customer balances with inactive status that have arisen before 2018.

NET LOAN LOSS RATIO
Net loan losses divided by average loans to the public. Rolling 12 months.

OPERATING INCOME MARGIN
Total operating income divided by average loans to the public. Rolling 12 months.

RETURN ON EQUITY
Net profit for the period attributable to the shareholders of the parent company as a percentage of equity attributable to the shareholders of the parent company. Rolling 12 months.

RETURN ON LOANS TO THE PUBLIC
Net profit for the period attributable to the shareholders of the parent company divided by average loans to the public. Rolling 12 months.

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

7 May 2019	Annual General Meeting 2019
16 July 2019	Interim report January - June 2019
24 October 2019	Interim report January - September 2019
6 February 2020	Year-end report January - December 2019

This is information which TF Bank is required to disclose under the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication on 25 April 2019 at 07:00 CET.

PRESENTATION FOR INVESTORS, ANALYSTS AND MEDIA

A live conference call will be held on 25 April 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 2705 or +44 (0)33 3300 9273. International investors will have an opportunity 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.

CONTACT

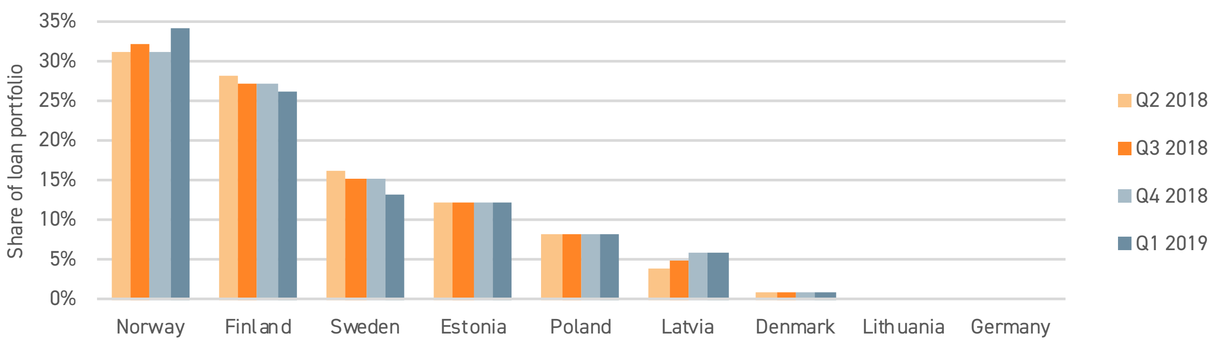
Investor Relations
Mikael Meomuttel
Phone: +46 (0)70 626 9533
ir@tfbank.se

TF Bank AB (publ.)
PO Box 947, 501 10 Borås

www.tfbankgroup.com

TF BANK'S GEOGRAPHICAL PRESENCE

SHARE OF LOAN PORTFOLIO BY COUNTRY AND QUARTER



TFBank

TF Bank AB (publ)
PO Box 947, 501 10 Borås, Sweden
Tel: +46 33 722 35 00
Fax: +46 33 12 47 39
Email: ir@tfbank.se

www.tfbankgroup.com