INTERIM REPORT

January-June 2019

TFBank

PERIOD IN BRIEF

JANUARY – JUNE 2019

COMPARED TO JANUARY - JUNE 2018 (unless otherwise stated)

- The loan portfolio has increased by 26.4 % to SEK 5,625 million since the start of the year
- Operating profit increased by 33.6 % to SEK 136.2 million
- Net profit increased by 34.0 % to SEK 105.1 million
- Earnings per share increased to SEK 4.73 (3.65)
- Cost/income ratio decreased to 37.8 % (40.2)
- Total capital ratio has decreased to 15.7 % (17.4) since the start of the year
- Return on equity amounted to 34.3 % (29.9)
- Adjusted return on equity amounted to 31.7 % (29.9) [1]

APRIL - JUNE 2019

COMPARED TO JANUARY - JUNE 2018

- Operating profit increased by 32.3 % to SEK 70.6 million
- Net profit increased by 32.6 % to SEK 54.6 million
- Earnings per share increased to SEK 2.45 (1.91)
- Cost/income ratio decreased to 37.6 % (40.1)

SIGNIFICANT EVENTS

JANUARY - JUNE 2019

- Within the segment Ecommerce Solutions an agreement with Estonia's largest online retailer Hansapost has been signed, and several Nordic retailers have also chosen to extend their existing agreements
- New agreements for continuing sale of past due loans have been signed in several markets
- TF Bank has established lending operations in Austria within the segment Consumer Lending

In the second quarter, TF Bank once again delivered a strong operating profit; SEK 71 million, which is 32 % higher than the corresponding quarter in 2018.

LOAN PORTFOLIO
30 JUNE 2019 COMPARED TO 31 DECEMBER 2018

SEK 5.6 BILLION +26 %

OPERATING PROFIT
JAN-JUN 2019 COMPARED TO JAN-JUN 2018

SEK 136 MILLION +34 %

TOTAL CAPITAL RATIO
30 JUNE 2019 COMPARED TO 31 DECEMBER 2018

15.7 % -1.7 PERCENTAGE POINTS

RETURN ON EQUITY [1]
JAN-JUN 2019 COMPARED TO JAN-JUN 2018

31.7 % +1.8 PERCENTAGE POINTS

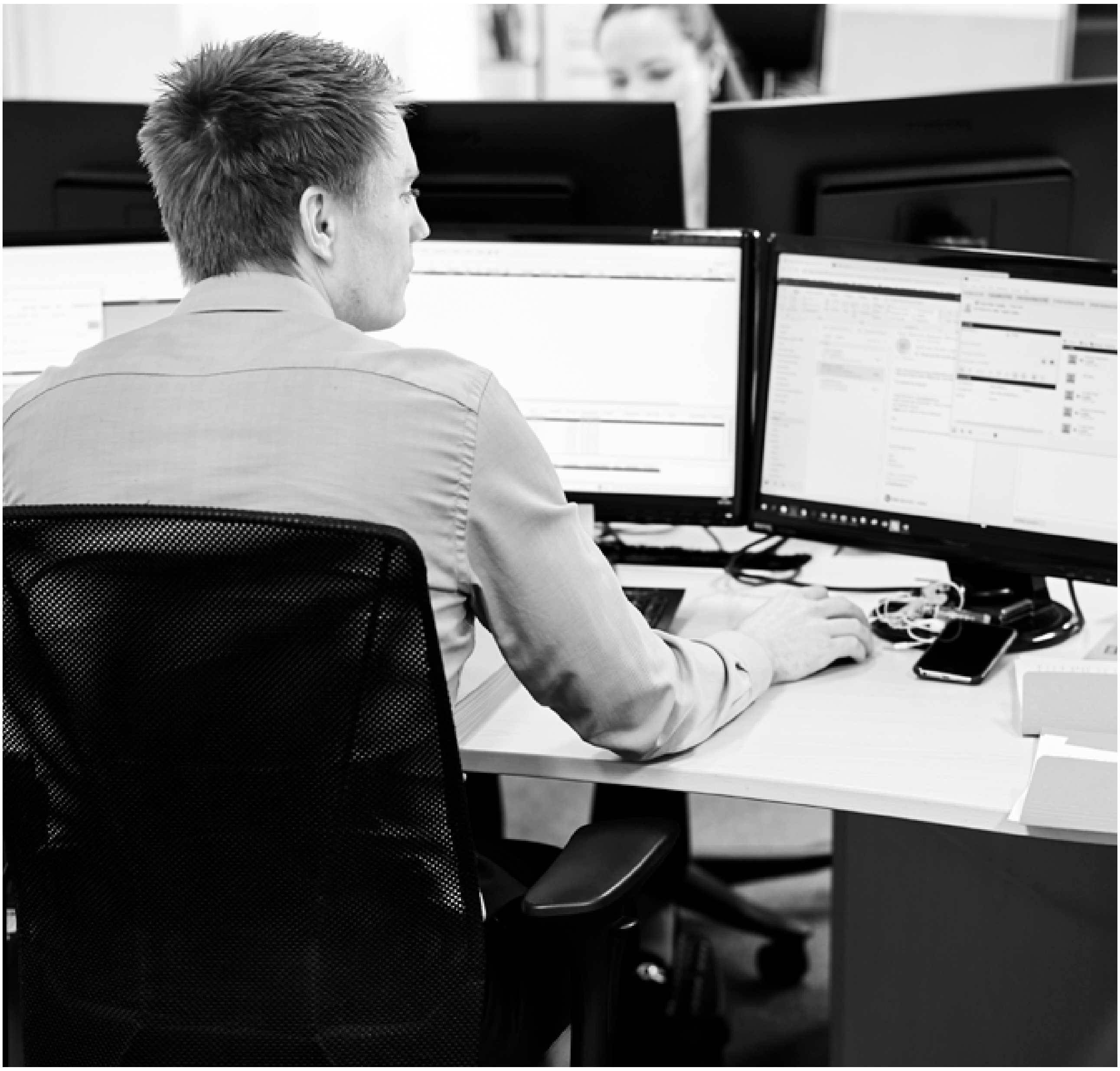
[1] Adjusted for items affecting comparability in 2018 attributable to reclassification of customer balances with inactive status that have arisen before 2018.

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, Estonia, Latvia, Lithuania, Poland, Germany and Austria 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

In the second quarter, TF Bank once again delivered a strong operating profit; SEK 71 million, which is 32 % higher than the corresponding quarter in 2018. The profit growth is driven by the development in Norway and the Baltics. Once again, we delivered a strong quarterly growth in our loan portfolio, 11 %, providing conditions for both increased income and improved earnings during the second half of 2019.

Continued strong growth during the quarter

Our strong growth in Norway and the Baltics continues. During the second quarter, the loan portfolio in Norway increased by 9 % in local currency, and the organic growth in the Baltics was 17 %. Currently, the volumes from these two regions generate significantly higher income and earnings than before. The consumer loan businesses in Sweden and Finland are currently adapting to new regulatory requirements on interest rates levels, while many players are also competing for the same customers. Despite this, the consumer loans in Finland have increased by 7 % during the quarter, whereas we still have a more cautious approach towards the Swedish market. The growth within Ecommerce Solutions was 11 % during the second quarter. The increase is generated by collaborations with new partners, I especially want to highlight Hansapost in Estonia, as well as existing collaborations that are progressing well.

TF Bank's expansion into new markets

In the previous interim report, I explained TF Bank's market entry strategy. Part of the strategy is to establish a local organization with good control systems. I also mentioned that our most recent new markets are Lithuania, Germany and Austria. During the third quarter of 2018, we launched several consumer loan products in Lithuania, and we see great opportunities to create a strong offering that will cover the entire Baltic region. In terms of population, Lithuania is the largest market in the Baltics. From my perspective, I see no obstacles to reach equally large market shares on the Lithuanian market as we have in Estonia and Latvia.

In Germany we have recently launched a credit card along with our savings account offering. The strategy is the same as for other markets, i.e. a cautious approach in the beginning to understand the risks. The early signs are positive and as previously communicated, we will provide more detailed information on the development in connection with the Q4 report. During the quarter, we have also launched a loan product in Austria, TF Bank's tenth market. In Austria, we offer consumer loans to individuals, however currently as a pilot project. Furthermore, I want to emphasize that the bank opts for markets where our systems and know-how enable us to create long-term high and sustainable risk-adjusted returns. Not all pilot projects will be successful, but we need a pipeline of new markets to be able to grow in a profitable manner over time.

New regulatory capital requirements

The regulatory capital requirements are constantly changing. During the second half of 2019, the countercyclical buffer will increase in both Sweden and Norway by 0.5 percentage points, which will affect about half of the Group's risk-weighted assets. TF Bank's policy is that all capital ratios shall exceed the regulatory requirement, including pillar 2, by at least 2.5 percentage points. With a continued growth in the loan portfolio, our Tier 2 capital will be fully used at the end of the year. Other regulatory changes in the capital requirements mainly concern loans that are more than 90 days overdue. As TF Bank continuously sell past due loans to third parties, the direct effects of these changes will be limited.

Outlook for the second half of 2019

The second quarter of 2019 has been successful. The loan portfolio has increased by 11 %, operating profit is 32 % higher than the corresponding period in 2018, and the return on equity continues to exceed 30 %. Growth in the loan portfolio has created a solid platform for increased income and improved earnings in the second half of 2019. At the same time, we are aware of the risks in our business environment and moving forward, new lending activities will be slightly more characterised by a focus on margins and profitability. Lastly, I would like to welcome more than 500 new shareholders to TF Bank. We have now been a listed company for more than three years and are pleased that additional stakeholders are acknowledging us and want to be part of our exciting journey.

Mattias Carlsson
President and CEO

KEY FIGURES, CONSOLIDATED

KEY FIGURES, CONSOLIDATED

SEK thousand	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Income statement					
Operating income	188,827	152,798	364,796	293,698	627,641
Operating profit	70,583	53,367	136,208	101,925	250,128
Net profit for the period	54,565	41,149	105,079	78,414	191,826
Earnings per share, SEK	2.45	1.91	4.73	3.65	8.75
Balance sheet					
Loans to the public	5,625,145	3,875,572	5,625,145	3,875,572	4,449,225
Deposits from the public	6,215,603	4,498,225	6,215,603	4,498,225	5,096,463
New lending	1,473,405	1,094,007	2,891,576	2,072,428	4,518,697
Key figures					
Operating income margin, %	15.0	17.2	15.0	17.2	16.3
Net loan loss ratio, %	3.6	4.3	3.6	4.3	3.9
Cost/Income ratio, %	37.6	40.1	37.8	40.2	39.4
Return on equity, %	34.3	29.9	34.3	29.9	34.5
Return on loans to the public, %	4.5	4.9	4.5	4.9	4.9
CET1 capital ratio, %	11.9	12.2	11.9	12.2	13.0
Tier 1 capital ratio, %	13.8	14.7	13.8	14.7	15.2
Total capital ratio, %	15.7	17.2	15.7	17.2	17.4
Employees (FTE)	170	135	164	131	140

ADJUSTED KEY FIGURES, CONSOLIDATED [1]

SEK thousand	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Income statement					
Operating profit	70,583	53,367	136,208	101,925	250,128
Items affecting comparability [1]	-	-	-	-	-20,295
Adjusted operating profit	70,583	53,367	136,208	101,925	229,833
Adjusted income tax expense	-16,018	-12,218	-31,129	-23,511	-53,837
Adjusted net profit for the period	54,565	41,149	105,079	78,414	175,996
Adjusted net profit attributable to the shareholders of the Parent Company	52,706	41,149	101,749	78,414	172,296
Adjusted earnings per share, SEK	2.45	1.91	4.73	3.65	8.01
Key figures					
Adjusted return on equity, %	31.7	29.9	31.7	29.9	31.6
Adjusted return on loans to the public, %	4.2	4.9	4.2	4.9	4.5

CURRENCY RATES

SEK	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
EUR Income statement (average)	10.62	10.32	10.52	10.10	10.25
EUR Balance sheet (end of reporting period)	10.56	10.42	10.56	10.42	10.28
NOK Income statement (average)	1.09	1.08	1.08	1.06	1.07
NOK Balance sheet (end of reporting period)	1.09	1.10	1.09	1.10	1.02
PLN Income statement (average)	2.48	2.43	2.45	2.40	2.41
PLN Balance sheet (end of reporting period)	2.48	2.39	2.48	2.39	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 - JUNE 2019

COMPARED TO JANUARY - JUNE 2018

Operating profit

Operating profit increased by 33.6 % to SEK 136.2 million (101.9). Higher interest income from the growing loan portfolio and a lower C/I ratio contributed to the increase. Earnings per share increased to SEK 4.73 (3.65) and adjusted return on equity was 31.7 % (29.9).[1]

Operating income

The Group's operating income increased by 24.2 % to SEK 364.8 million (293.7). The net interest income, which comprises the majority of the Group's income, has exhibited a positive development during the first half of 2019. However, a higher share of consumer loans in Norway and lower interest rate levels in new lending in other markets within Consumer Lending have resulted in an operating income margin decrease to 15.0 % (17.2).

Interest income

Interest income rose by 25.4 % to SEK 384.1 million (306.4). 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 have to some extent contributed to higher interest income compared to the first half of 2018.

Interest expense

The Group's interest expenses increased by 27.2 % to SEK 49.7 million (39.0). The deposit volumes in Norway and Germany are considerably larger than in the first half of 2018, which impact the interest expenses. However, the funding costs are approximately at the same level as in 2018, despite interest rate hikes by the central banks in Sweden and Norway. This is partly as a result of a better adapted liquidity reserve.

Net fee and commission income

Net fee and commission income increased by 21.0 % to SEK 30.2 million (24.9). The increase is mainly related to higher income within Ecommerce Solutions. During the first half of 2019, 53 % of the fee and commission income derives from charges and 47 % from insurance premiums and other income.

Operating expenses

The Group's operating expenses increased by 16.6 % to SEK 137.8 million (118.1). The C/I ratio has continued to decrease and amounted to 37.8 % (40.2) during the first half of 2019. The operations within both Consumer Lending and Ecommerce Solutions have improved the C/I ratio compared to the corresponding period in 2018. The average number of full-time employees during the interim period increased to 164 (131).

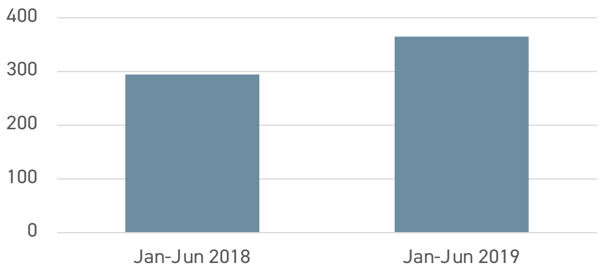
Net loan losses

Net loan losses increased by 23.3 % to SEK 90.8 million (73.6). The loan portfolio growth is the main reason for the increase. Several new agreements for continuing sale of past due loans were signed during the first quarter of 2019, which has increased the provisions for future loan losses somewhat. However, a gradually improving credit quality in the portfolio has resulted in a decrease of the loan loss ratio to 3.6 % (4.3).

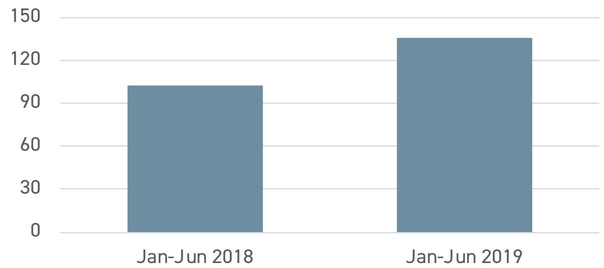
Tax expense

The Group's tax expense increased to SEK 31.1 million (23.5), explained by an increased operating profit. The average tax rate amounted to 22.9 % (23.1) during the first half of 2019 and is affected by lower corporate tax in Sweden effective as of 2019 as well as a higher tax rate for the business in Norway.

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 - JUNE 2019

COMPARED TO 31 DECEMBER 2018 (unless otherwise stated)

Lending

Since the start of the year, loans to the public have increased by 26.4 % to SEK 5,625 million (4,449). Currency effects have contributed positively to growth by 4.4 %. The underlying loan portfolio increased by 20.4 % in local currencies.[1] The Group's new lending increased by 39.5 % to SEK 2,892 million (2,072) compared to the first half of 2018.

Norway and the Baltics have been the primary drivers behind the growing loan portfolio. During the first half of the year 42 % of the growth has been generated in Norway and the corresponding figure in the Baltics is 28 %. It is primarily the consumer loans that contribute to the increase in both regions. Within the Ecommerce Solutions segment, the growth has been more geographically diversified during 2019.

Deposits

Deposits from the public have increased by 22.0 % to SEK 6,216 million (5,096) since the start of the year. Currency effects have contributed positively to growth by 3.8 %. The deposit portfolio has increased by 18.2 % in local currencies.

During the first half of the year, deposit volumes have increased significantly in Norway and Germany. In Norway, the increase is mainly related to an increase of the Norwegian savings account rate in BB Bank during the first quarter. In Germany, the net inflow to the savings account with a variable rate has been stable throughout the interim period and during the end of the second quarter, the German savings account with a 1-year term has exhibited significant inflows related to an interest rate increase at the end of May.

Investments

The Group's investments increased to SEK 17.1 million compared to SEK 10.2 million in the first half of 2018. The investments are mainly attributed to product development within the Ecommerce Solutions segment. During the same period, depreciation and amortisation on tangible and intangible fixed assets increased to SEK 8.5 million (4.8). The increase is impacted by new accounting standards regarding leases, IFRS 16, effective as of 1 January 2019.

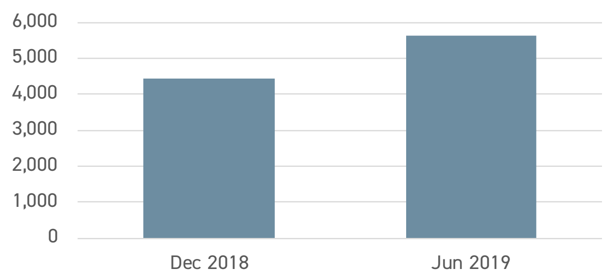
Cash and cash equivalents

The liquidity reserve amounted to SEK 1,471 million (1,465) at the end of the first half of 2019. During the year, parts of existing cash and cash equivalents have been used to finance the lending growth, which results in a better adapted liquidity reserve. The Group's total available liquidity, including undrawn credit facility of SEK 33 million, has decreased to 24 % (29) of deposits from the public. The majority of the reserve is placed on overnight accounts in various Nordic banks and at central banks.

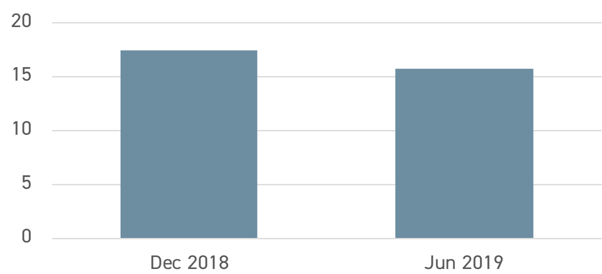
Capital adequacy

At the end of the quarter, the Group's total capital ratio was 15.7 % (17.4), the Tier 1 capital ratio was 13.8 % (15.2) and the CET1 capital ratio was 11.9 % (13.0). The capital ratios are affected by the strong growth of the loan portfolio, resulting 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.

LOANS TO THE PUBLIC (SEK million)



TOTAL CAPITAL RATIO (%)



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

RESULTS AND FINANCIAL POSITION

APRIL - JUNE 2019

COMPARED TO APRIL - JUNE 2018

Operating profit

Operating profit increased by 32.3 % to SEK 70.6 million (53.4). Higher interest income and a lower C/I ratio have a positive impact on the operating profit. Earnings per share in the quarter increased to SEK 2.45 (1.91).

Operating income

The Group's operating income increased by 23.6 % to SEK 188.8 million (152.8). The increase is mainly related to growing loan portfolios in Norway and the Baltics, as well as increasing volumes within Ecommerce Solutions. The net interest income in the second quarter was also positively affected by the lending growth during the beginning of the year.

Operating expenses

The Group's operating expenses increased by 15.7 % to SEK 71.0 million (61.3). The C/I ratio decreased to 37.6 % (40.1) compared to the second quarter of 2018. The change derives from economies of scale from the growing loan portfolio, generating an increased income. The average number of full-time employees during the quarter amounted to 170 (135).

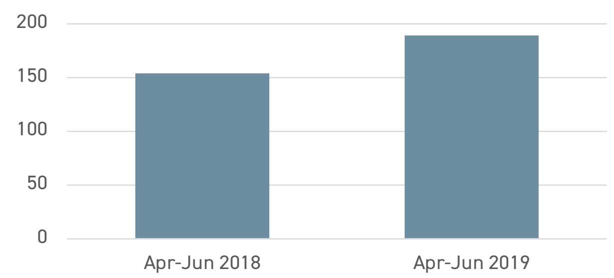
Net loan losses

Net loan losses increased by 24.0 % to SEK 47.3 million (38.1). The loan portfolio growth results in increased loan losses and higher provisions for future loan losses. To some extent, currency effects have also affected the loan losses compared to the second quarter of 2018. However, the underlying credit quality of the loan portfolio has gradually improved during the past year.

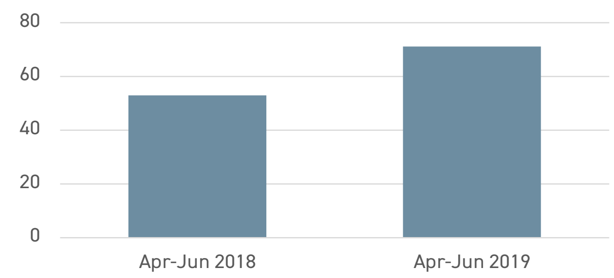
Tax expenses

The Group's tax expense increased to SEK 16.0 million (12.2). The average tax rate amounted to 22.7 % (22.9).

OPERATING INCOME (SEK million)



OPERATING PROFIT (SEK million)



CONSUMER LENDING

JANUARY - JUNE 2019

COMPARED TO JANUARY - JUNE 2018 (unless otherwise stated)

Overview

In the Consumer Lending segment, TF Bank offers unsecured consumer loans to creditworthy individuals in eight countries. The product offering can differ between the various markets and is adjusted according to the specific conditions in each country. As at 30 June 2019, the average loan amount per customer was approximately SEK 52,000 with an average maturity of approximately 24 months.

The Nordic consumer loan portfolio represents 70 % of 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. In Norway, the bank offers slightly higher loan amounts than the average for the segment.

The Baltic and Polish consumer loan portfolio represents 30 % of the segment. Estonia is a market with characteristics that are most similar to the Nordic ones, with high internet usage and easy access to public data. During the second quarter of 2019, consumer loans have been launched in Austria.

The loan portfolio

Loans to the public increased by 27.6 % to SEK 4,423 million (3,466) since the start of the year. Currency effects positively contributed to growth by 4.7 %. The underlying loan portfolio increased by 22.0 % in local currencies.[1] The segment's new lending amounted to SEK 1,894 million (1,202).

During the first half of the year, the underlying portfolio in Norway has exhibited growth of 32.7 % to NOK 1,468 million (1,106). The growth in Norway is carried out with a maintained margin and credit quality. In Finland, the portfolio has increased by 17.4 % to EUR 95.1 million (81.0). The new lending in Finland has for some time been adapted to the upcoming regulatory interest rate cap and the portfolio is primarily growing with larger sized loans and higher credit quality. In Sweden, the loan portfolio has decreased by 4.8 % to SEK 446 million (468) during 2019.

The growth in the Baltics has continued and the underlying portfolio in Estonia has increased by 16.7 % to EUR 59.8 million (51.3). The portfolio in Latvia grows from slightly lower levels and the growth during the first half of the year was 50.0 % to EUR 37.4 million (24.9). Consumer loans in Lithuania, which were launched in 2018, had a balance of EUR 3.0 million at the end of the period. The loan portfolio in Poland has increased by 7.5 % to PLN 93.6 million (87.1) during 2019.

Results

Operating profit for the segment increased by 14.0 % to SEK 117.0 million (102.7). Higher interest income has a positive effect on the result in the interim period, while higher loan losses related to new agreements for continuing sale of past due consumer loans has a negative impact on the result.

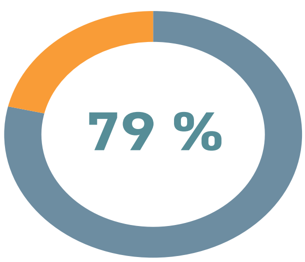
Operating income increased by 21.2 % to SEK 279.6 million (230.7). The increase is mainly related to the consumer loans in Norway and the Baltics. The operating income margin has decreased to 14.5 % (17.0), mainly related to a change in product mix and lower interest rate levels in the new lending.

The operating expenses for the segment increased by 14.2 % to SEK 84.5 million (74.0). In absolute numbers, the increase is related to the ongoing expansion in several markets and increasing lending volumes. However, the C/I ratio for the segment has decreased to 30.2 % (32.1) as a result of economies of scale from the loan portfolio growth.

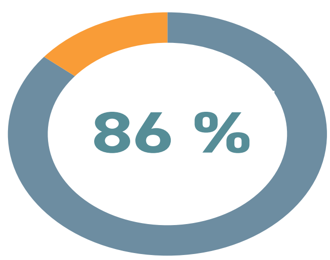
Net loan losses increased by 44.4 % to SEK 78.0 million (54.0). New agreements for continuing sale of past due consumer loans have resulted in increased loan losses and higher provisions for future loan losses compared to the first half of 2018. Despite this, the loan loss ratio has decreased to 3.7% (4.0), 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 - JUNE 2019

COMPARED TO JANUARY - JUNE 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. In the second quarter of 2019, several Nordic retailers have chosen to extend their existing agreements.

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 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 2019, the bank has also 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 22.2 % to SEK 1,202 million (983) since the start of the year. Currency effects positively contributed to growth by 3.5 %. The underlying loan portfolio increased by 15.1 % in local currencies.[1] The segment's new lending amounted to SEK 998 million (870).

The loan portfolio related to digital payment solutions represents 84 % of the segment. During the first half of 2019, growth has been more geographically diversified than in 2018. The lending volumes have increased on approximately the same level in Sweden, Finland, Estonia and Poland. The Nordic and Polish volumes are primarily driven by existing partnerships, while the volumes in Estonia are positively affected by the new agreement with Hansapost which was signed in February 2019. The Finnish portfolio represents 32 % of the segment's total balance, related to the strong growth in Finland during 2018.

The credit card portfolio represents 16 % of the segment. Norway represents 87 % of the portfolio and has exhibited relatively small changes during the first half of 2019. The credit cards in Germany, which were launched towards the end of 2018, have started to build up volumes and the loan balance amounted to EUR 2.3 million (0.2) at the end of the interim period.

Results

Operating profit for the segment has improved to SEK 19.2 million (-0.8). Increasing interest income, a decreasing C/I ratio and lower loan losses have had a positive impact on the operating profit compared to the first half of 2018.

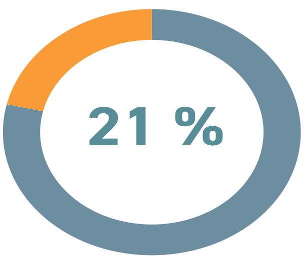
Operating income increased by 35.2 % to SEK 85.2 million (63.0). The growth for digital payment solutions in the Nordic region and sales financing in Poland were the main drivers of the increase. The operating income margin has decreased slightly and amounts to 16.8 % (17.9).

The operating expenses for the segment increased by 20.6 % to SEK 53.2 million (44.2). The increase compared to the previous year is mainly related to more customers and marketing of credit cards in Germany in the interim period. However, economies of scale have contributed to a decrease of the C/I ratio to 62.5 % (70.1).

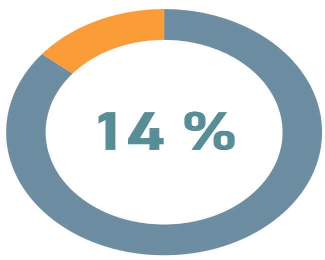
Net loan losses decreased by 34.7 % to SEK 12.8 million (19.6) and the loan loss ratio has decreased to 3.0 % (5.4). The underlying credit quality in the segment has improved and new agreements for continuing sale of past due consumer loans have been signed, having a positive effect on loan losses. The new agreements also contribute to a slight decrease in the provisions for future loan losses.

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 the interimreport for January-March 2019.

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

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-June 2019, the share closed at SEK 101.00, an increase of 40 % since year-end. In total, 2.2 million shares worth approximately SEK 191 million were traded on Nasdaq Stockholm during the first half 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 - June 2019

Within the segment Ecommerce Solutions an agreement with Estonia's largest online retailer Hansapost has been signed, and several Nordic retailers have also chosen to extend their existing agreements.

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.

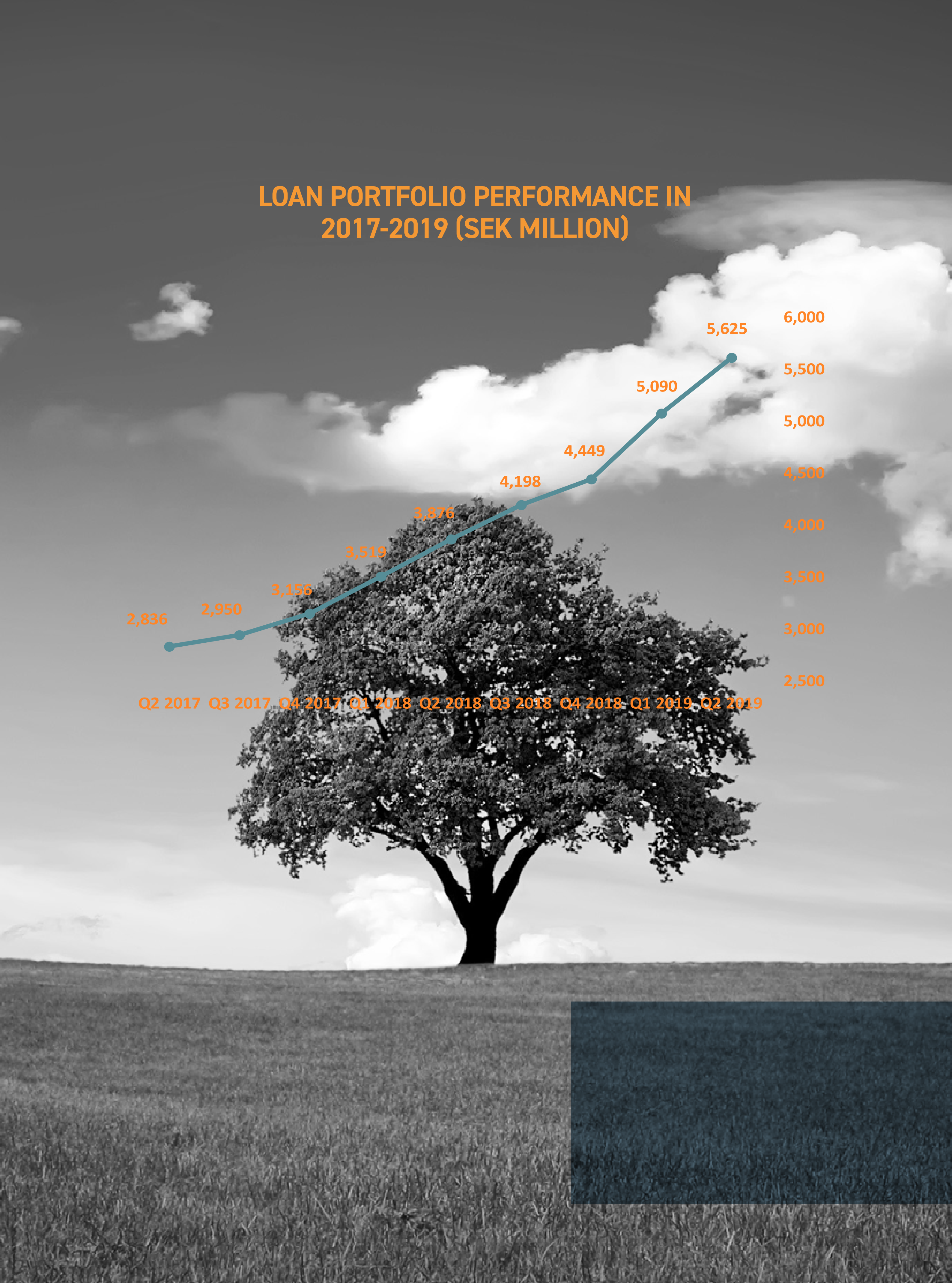
A process has started to simplify the group structure by merging TF Bank with its wholly-owned subsidiaries BB Bank ASA, Avarda AB and Avarda Oy. The Boards of the companies has adopted joint merger plans and the mergers are expected to be completed by the turn of the year 2019/2020.

TF Bank has established lending operations in Austria within the segment Consumer Lending.

At the Annual General Meeting 7 May 2019, it was resolved to pay a dividend of SEK 2.30 per share. Mari Thjømøe was re-elected as a Chairman of the Board and the other members of the Board were also re-elected at the Meeting.

Events after the end of the reporting period

Operations in Germany have been strengthened by the appointment of a country manager, Lennart Swoboda, from 1 July 2019.


LOAN PORTFOLIO PERFORMANCE IN 2017-2019 (SEK MILLION)
6,000
5,500
5,000
4,500
4,000
3,500
3,000
2,500
2,836
2,950
3,156
3,519
3,876
4,198
4,449
5,090
5,625
Q2 2017
Q3 2017
Q4 2017
Q1 2018
Q2 2018
Q3 2018
Q4 2018
Q1 2019
Q2 2019

INCOME STATEMENT, CONSOLIDATED

SEK thousand	Note	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
	3					
Operating income						
Interest income		199,400	159,997	384,098	306,394	657,241
Interest expense		-26,353	-20,234	-49,656	-39,037	-82,550
Net interest income		**173,047**	**139,763**	**334,442**	**267,357**	**574,691**
Fee and commission income		18,206	15,335	35,534	29,170	61,130
Fee and commission expense		-2,130	-2,258	-5,366	-4,245	-9,720
Net fee and commission income		**16,076**	**13,077**	**30,168**	**24,925**	**51,410**
Net results from financial transactions		-296	-42	186	1,416	1,540
Total operating income		**188,827**	**152,798**	**364,796**	**293,698**	**627,641**
Operating expenses						
General administrative expenses		-61,379	-55,561	-120,980	-106,992	-222,939
Depreciation and amortisation of tangible and intangible assets		-4,349	-2,479	-8,454	-4,835	-9,955
Other operating expenses		-5,229	-3,268	-8,331	-6,314	-14,642
Total operating expenses		**-70,957**	**-61,308**	**-137,765**	**-118,141**	**-247,536**
Profit before loan losses		**117,870**	**91,490**	**227,031**	**175,557**	**380,105**
Net loan losses	2	-47,287	-38,123	-90,823	-73,632	-150,272
Items affecting comparability		-	-	-	-	20,295
Operating profit		**70,583**	**53,367**	**136,208**	**101,925**	**250,128**
Income tax expense		-16,018	-12,218	-31,129	-23,511	-58,302
Net profit for the period		**54,565**	**41,149**	**105,079**	**78,414**	**191,826**
Attributable to:						
Shareholders of the Parent Company		*52,706*	*41,149*	*101,749*	*78,414*	*188,126*
Additional tier 1 capital holders		*1,859*	*-*	*3,330*	*-*	*3,700*
Basic earnings per share (SEK)		*2.45*	*1.91*	*4.73*	*3.65*	*8.75*
Diluted earnings per share (SEK)		*2.45*	*1.91*	*4.73*	*3.65*	*8.75*

STATEMENT OF COMPREHENSIVE INCOME, CONSOLIDATED

SEK thousand	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Net profit for the period	**54,565**	**41,149**	**105,079**	**78,414**	**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	823	275	1,021	962	1,302
Tax on exchange differences in the period	1,106	2,143	4,421	5,173	303
Other comprehensive income, net of tax	**1,929**	**2,403**	**5,442**	**6,135**	**1,605**
Total comprehensive income for the period	**56,494**	**43,552**	**110,521**	**84,549**	**193,431**
Attributable to:					
Shareholders of the Parent Company	*54,635*	*43,552*	*107,191*	*84,549*	*189,731*
Additional tier 1 capital holders	*1,859*	-	*3,330*	-	*3,700*

STATEMENT OF FINANCIAL POSITION, CONSOLIDATED

SEK thousand	Note	30 Jun 2019	31 Dec 2018
	2, 4, 5		
ASSETS			
Cash and balances with central banks		337,911	225,610
Treasury bills eligible for refinancing		61,064	70,118
Loans to credit institutions		1,049,984	1,148,863
Loans to the public	6	5,625,145	4,449,225
Shares		22,557	21,128
Goodwill		13,131	12,350
Intangible assets		48,365	38,199
Tangible assets		23,786	2,471
Other assets		29,616	23,596
Current tax assets		34,581	22,696
Deferred tax assets		8,935	7,254
Prepaid expenses and accrued income		8,863	22,578
TOTAL ASSETS		**7,263,938**	**6,044,088**
LIABILITIES AND EQUITY			
Liabilities			
Deposits and borrowings from the public		6,215,603	5,096,463
Other liabilities		62,941	29,897
Current tax liabilities		16,006	14,877
Deferred tax liabilities		5,803	5,852
Accrued expenses and prepaid income		80,276	71,781
Subordinated liabilities		98,940	98,570
Total liabilities		**6,479,569**	**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		5,903	461
Retained earnings and net profit for the period		567,430	515,151
Total equity attributable to the shareholders of the Parent Company		**684,369**	**626,648**
Tier 1 capital instrument		100,000	100,000
Total equity attributable to the owners of the Parent Company		**784,369**	**726,648**
TOTAL LIABILITIES AND EQUITY		**7,263,938**	**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	-	-	-	105,079	-	105,079
Gross exchange differences	-	-	1,021	-	-	1,021
Tax on exchange differences in the period	-	-	4,421	-	-	4,421
Total comprehensive income for the period, net of tax	**-**	**-**	**5,442**	**105,079**	**-**	**110,521**
Dividend	-	-	-	-49,450	-	-49,450
Interest Tier 1 capital	-	-	-	-3,330	-	-3,330
Other	-	-	-	-20	-	-20
Equity as at 30 Jun 2019	**107,500**	**3,536**	**5,903**	**567,430**	**100,000**	**784,369**

CASH FLOW STATEMENT, CONSOLIDATED

SEK thousand	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Operating activities			
Operating profit	136,208	101,925	250,128
Adjustment for items not included in cash flow			
Depreciation and amortisation of tangible and intangible assets	8,454	4,835	9,955
Accrued interest income and expense	-14,364	-14,203	-5,250
Other non-cash items	-16,799	-20,423	-14,772
Paid income tax	-37,464	-23,272	-62,760
	76,035	**48,862**	**177,301**
Increase/decrease in loans to the public	-1,175,920	-790,381	-1,364,034
Increase/decrease in other short-term receivables	7,036	32,541	36,172
Increase/decrease in deposits and borrowings from the public	1,119,140	744,195	1,342,433
Increase/decrease in other short-term liabilities	29,756	21,566	23,350
Cash flow from operating activities	**56,047**	**56,783**	**215,222**
Investing activities			
Investments in tangible assets	-814	-1,296	-2,010
Investments in intangible assets	-16,256	-8,929	-17,882
Cash flow from investing activities	**-17,070**	**-10,225**	**-19,893**
Financing activities			
Issue of Tier 1 capital	-	98,258	98,454
Interest Tier 1 capital	-3,330	-	-3,700
Dividends paid	-49,450	-48,375	-48,375
Share-based remuneration	-	1,472	1,447
Cash flow from financing activities	**-52,780**	**51,355**	**47,826**
Cash flow for the period	**-13,803**	**97,913**	**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	18,171	21,805	13,047
Cash and cash equivalents at the end of period	**1,448,959**	**1,308,107**	**1,444,591**
Cash flow from operating activities includes interest expenses paid and interest payments received			
Interest expenses paid	61,131	53,594	89,074
Interest payments received	340,541	299,773	636,754
Components of cash and cash equivalents			
Cash and balances with central banks	337,911	198,482	225,610
Treasury bills eligible for refinancing	61,064	60,106	70,118
Loans to credit institutions	1,049,984	1,049,519	1,148,863
Total cash and cash equivalents	**1,448,959**	**1,308,107**	**1,444,591**

NOTES

NOTE 1 General information

OWNERSHIP OF TF BANK AB AS AT 30 JUNE 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	6.11
Proventus Aktiebolag	3.00
Prior & Nilsson Fond- och Kapitalförvaltning AB	2.52
Nordnet pensionsförsäkringar AB	2.06
Skandia fonder	1.32
Acervo AB	1.20
Other shareholders	16.40
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	30 Jun 2019	31 Dec 2018
Cash and balances with central banks		
AAA	129,983	82,067
AA+	191,227	135,021
AA-	5,204	-
A-	11,497	8,522
Treasury bills eligible for refinancing		
AAA	61,064	70,118
Loans to credit institutions		
A-1+	443,780	253,214
A-1	580,549	859,703
A-2	18,241	28,502
Unrated	7,414	7,444
Other assets		
A-1+	5,848	5,944
A-1	22,284	20,871
Unrated	23,995	17,568
Total	**1,501,086**	**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**	**Apr-Jun 2019**	Apr-Jun 2018	**Jan-Jun 2019**	Jan-Jun 2018	Jan-Dec 2018
Change in provision for sold non-performing loans	-29,924	-27,462	-53,956	-53,994	-110,670
Realised loan losses	-10,563	-6,348	-20,860	-19,162	-39,384
Recovered from previous write-offs	1,841	1,769	3,291	3,193	8,540
Change in provision for expected loan losses, stage 1-3	-8,641	-6,082	-19,298	-3,669	-8,758
Net loan losses	**-47,287**	**-38,123**	**-90,823**	**-73,632**	**-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	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Net interest income	137,222	112,110	265,460	216,907	456,493
Net fee and commission income	7,614	6,440	13,992	12,483	25,561
Net results from financial transactions	-231	-4	145	1,312	1,412
Total operating income	**144,605**	**118,546**	**279,597**	**230,702**	**483,466**
General administrative expenses	-36,839	-34,770	-72,879	-66,009	-138,395
Depreciation and amortisation of tangible and intangible assets	-2,407	-1,274	-4,671	-2,512	-5,131
Other operating expenses	-4,281	-2,843	-6,973	-5,468	-11,757
Total operating expenses	**-43,527**	**-38,887**	**-84,523**	**-73,989**	**-155,283**
Profit before loan losses	**101,078**	**79,659**	**195,074**	**156,713**	**328,183**
Net loan losses	-38,925	-29,018	-78,026	-54,028	-113,376
Operating profit	**62,153**	**50,641**	**117,048**	**102,685**	**214,807**
Attributable to:					
The shareholders of the Parent company	*60,703*	*50,641*	*114,451*	*102,685*	*211,889*
Additional tier 1 capital holders	*1,450*	*-*	*2,597*	*-*	*2,918*

ECOMMERCE SOLUTIONS

Income statement, SEK thousand	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Net interest income	35,825	27,653	68,982	50,450	118,198
Net fee and commission income	8,462	6,637	16,176	12,442	25,849
Net results from financial transactions	-65	-38	41	104	128
Total operating income	**44,222**	**34,252**	**85,199**	**62,996**	**144,175**
General administrative expenses	-24,540	-20,791	-48,101	-40,983	-84,544
Depreciation and amortisation of tangible and intangible assets	-1,942	-1,205	-3,783	-2,323	-4,824
Other operating expenses	-948	-425	-1,358	-846	-2,885
Total operating expenses	**-27,430**	**-22,421**	**-53,242**	**-44,152**	**-92,253**
Profit before loan losses	**16,792**	**11,831**	**31,957**	**18,844**	**51,922**
Net loan losses	-8,362	-9,105	-12,797	-19,604	-36,896
Operating profit	**8,430**	**2,726**	**19,160**	**-760**	**15,026**
Attributable to:					
The shareholders of the Parent company	*8,021*	*2,726*	*18,427*	*-760*	*14,244*
Additional tier 1 capital holders	*409*	*-*	*733*	*-*	*782*

Note 3 cont.

CONSUMER LENDING

Balance sheet, SEK thousand	30 Jun 2019	31 Dec 2018
Loans to the public		
Household sector	4,423,203	3,466,309
Total loans to the public	**4,423,203**	**3,466,309**
Household sector		
Stage 1, net	4,220,961	3,287,807
Stage 2, net	128,220	130,138
Stage 3, net [1]	74,022	48,364
Total household sector	**4,423,203**	**3,466,309**

ECOMMERCE SOLUTIONS

Balance sheet, SEK thousand	30 Jun 2019	31 Dec 2018
Loans to the public		
Household sector	1,182,937	982,916
Corporate sector [2]	19,005	-
Total loans to the public	**1,201,942**	**982,916**
Household sector		
Stage 1, net	1,101,528	899,857
Stage 2, net	68,444	70,469
Stage 3, net [1]	12,965	12,590
Total household sector	**1,182,937**	**982,916**

GROUP

Income statement, SEK thousand	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Operating income					
Consumer Lending	144,605	118,546	279,597	230,702	483,466
Ecommerce Solutions	44,222	34,252	85,199	62,996	144,175
Total operating income for the Group	**188,827**	**152,798**	**364,796**	**293,698**	**627,641**
Operating profit					
Consumer Lending	62,153	50,641	117,048	102,685	214,807
Ecommerce Solutions	8,430	2,726	19,160	-760	15,026
Items affecting comparability	-	-	-	-	20,295
Total operating profit for the Group	**70,583**	**53,367**	**136,208**	**101,925**	**250,128**

Balance sheet, SEK thousand	30 Jun 2019	31 Dec 2018
Loans to the public		
Consumer Lending	4,423,203	3,466,309
Ecommerce Solutions	1,201,942	982,916
Total loans to the public for the Group	**5,625,145**	**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 30 Jun 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	-	-	337,911	-	-	337,911
Treasury bills eligible for refinancing	-	61,064	-	-	-	61,064
Loans to credit institutions	-	-	1,049,984	-	-	1,049,984
Loans to the public	-	-	5,625,145	-	-	5,625,145
Shares	22,557	-	-	-	-	22,557
Goodwill	-	-	-	-	13,131	13,131
Intangible assets	-	-	-	-	48,365	48,365
Tangible assets	-	-	-	-	23,786	23,786
Current tax assets	-	-	-	-	34,581	34,581
Deferred tax assets	-	-	-	-	8,935	8,935
Prepaid expenses and accrued income	-	-	-	-	8,863	8,863
Derivatives	4,454	-	-	1,394	-	5,848
Other assets	-	-	-	-	23,768	23,768
Total assets	**27,011**	**61,064**	**7,013,040**	**1,394**	**161,429**	**7,263,938**
Liabilities						
Deposits and borrowings from the public	-	-	6,215,603	-	-	6,215,603
Current tax liabilities	-	-	-	-	16,006	16,006
Deferred tax liabilities	-	-	-	-	5,803	5,803
Accrued expenses and prepaid income	-	-	-	-	80,276	80,276
Subordinated liabilities	-	-	98,940	-	-	98,940
Other liabilities	-	-	-	-	62,941	62,941
Total liabilities	**-**	**-**	**6,314,543**	**-**	**165,026**	**6,479,569**

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, 30 Jun 2019 SEK thousand	Level 1	Level 2	Level 3	**Total**
Assets				
Treasury bills eligible for refinancing	61,064	-	-	61,064
Shares	22,284	273	-	22,557
Derivatives	-	5,848	-	5,848
Total assets	**83,348**	**6,121**	**-**	**89,469**
Liabilities				
Subordinated liabilities	98,940	-	-	98,940
Derivatives	-	-	-	-
Total liabilities	**98,940**	**-**	**-**	**98,940**

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 16.95 % as at 30 June 2019 and 18.18 % as at 31 December 2018.

Note 5 cont.

Group 30 Jun 2019 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/Fair value loss (-)
Assets			
Cash and balances with central banks	337,911	337,911	-
Treasury bills eligible for refinancing	61,064	61,064	-
Loans to credit institutions	1,049,984	1,049,984	-
Loans to the public	5,625,145	5,625,145	-
Shares	22,557	22,557	-
Derivatives	5,848	5,848	-
Total assets	**7,102,509**	**7,102,509**	**-**
Liabilities			
Deposits from the public	6,215,603	6,215,603	-
Subordinated liabilities	98,940	98,940	-
Derivatives	-	-	-
Total liabilities	**6,314,543**	**6,314,543**	**-**

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	30 Jun 2019	31 Dec 2018
Loans to the household sector	5,606,140	4,449,225
Loans to the corporate sector [1]	19,005	-
Total loans to the public	**5,625,145**	**4,449,225**
Loans to the household sector, gross		
Stage 1, gross	5,401,147	4,257,021
Stage 2, gross	214,804	219,972
Stage 3, gross [2]	156,967	115,241
Total loans to the household sector, gross	**5,772,918**	**4,592,234**
Provisions for expected loan losses		
Stage 1	-78,658	-69,357
Stage 2	-18,140	-19,365
Stage 3 [2]	-69,980	-54,287
Total provisions for expected loan losses	**-166,778**	**-143,009**
Loans to the household sector, net		
Stage 1, net	5,322,489	4,187,664
Stage 2, net	196,664	200,607
Stage 3, net [2]	86,987	60,954
Total loans to the household sector, net	**5,606,140**	**4,449,225**
Geographic distribution of net loans		
Norway	1,865,909	1,374,840
Finland	1,416,107	1,195,871
Estonia	712,039	542,419
Sweden	693,337	661,445
Poland	439,511	370,854
Latvia	393,583	257,082
Denmark	42,305	38,427
Lithuania	31,384	6,417
Germany	25,640	1,870
Austria	5,330	-
Total loans, net book value	**5,625,145**	**4,449,225**

CHANGE IN PROVISION FOR NET LOAN LOSSES

Group SEK thousand	30 Jun 2019	31 Dec 2018
Opening balance	**-143,009**	**-131,544**
Change in provision for sold non-performing loans	-53,898	-110,669
Reversal of provision for sold non-performing loans	53,898	110,669
Change in provision for expected loan losses in stage 1	-7,315	-3,323
Change in provision for expected loan losses in stage 2	1,746	-1,220
Change in provision for expected loan losses in stage 3	-13,731	-4,009
Exchange rate fluctuations	-4,469	-2,913
Closing balance	**-166,778**	**-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. and in accordance with the Swedish Financial Supervisory Authority's regulations (FFFS 2019:2) on amendments for regulations and general guidelines (FFFS 2008:25). 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	30 Jun 2019	31 Dec 2018
Common Equity Tier 1 (CET1) capital after any regulatory adjustments	639,399	580,533
Additional Tier 1 (AT1) capital after any regulatory adjustments	100,000	100,000
Tier 2 capital after any regulatory adjustments	98,940	98,570
Own funds	**838,339**	**779,103**
Risk exposure amount	5,353,165	4,466,109
- of which: credit risk	*4,560,274*	*3,655,211*
- of which: credit valuation adjustment	*2,886*	*2,692*
- of which: market risk	-	*18,201*
- of which: operational risk	*790,005*	*790,005*
CET1 capital ratio, %	11.94	13.00
Tier 1 capital ratio, %	13.81	15.24
Total capital ratio, %	15.66	17.44
Total CET1 capital requirement incl. capital buffer requirements	426,647	355,503
- of which: capital conservation buffer requirement,	*133,829*	*111,653*
Capital conservation buffer requirement, %	*2.50*	*2.50*
- of which: countercyclical buffer requirement,	*51,926*	*42,875*
Countercyclical buffer requirement, %	*0.97*	*0.96*
CET1 capital available to use as buffer [1]	398,507	379,558
CET1 capital available to use as buffer, %	7.44	8.50

[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	30 Jun 2019	31 Dec 2018
CET1 capital		
Share capital	107,500	107,500
Other contributed capital	3,536	3,536
Reserves	5,902	461
Retained earnings including net profit for the period	567,431	515,150
Adjustments to CET1 capital:		
- Deduction of foreseeable costs and dividends [1]	-33,730	-49,450
- Transitional arrangements IFRS 9	53,629	56,072
- Intangible assets	-61,496	-50,549
- Deferred tax assets that rely on future profitability	-3,373	-2,187
Total CET1 capital	639,399	580,533
Additional Tier 1 capital		
Perpetual subordinated loan	100,000	100,000
Tier 2 capital		
Fixed term subordinated loan	98,940	98,570
Own funds	**838,339**	**779,103**

SPECIFICATION RISK EXPOSURE AMOUNT AND CAPITAL REQUIREMENT

Group SEK thousand	30 Jun 2019 Risk-weighted exposure amount	30 Jun 2019 Capital requirement	31 Dec 2018 Risk-weighetd exposure amount	31 Dec 2018 Capital requirement
Credit risk under the standardised approach				
Corporate exposures	19,028	1,522	8	1
Household exposures	4,168,787	333,503	3,306,104	264,488
Secured by collateral	297	24	292	23
Exposures in default	97,847	7,828	64,296	5,144
Exposures to institutions with a short-term credit assessment	218,641	17,491	243,071	19,446
Equity exposures	273	22	256	20
Other items	55,401	4,432	41,184	3,295
Total risk-weighted exposure amount and total capital requirement	**4,560,274**	**364,822**	**3,655,211**	**292,417**
Credit valuation adjustment				
Standardised method	2,886	231	2,692	215
Total risk-weighted exposure amount and total capital requirement	**2,886**	**231**	**2,692**	**215**
Market risk [2]				
Foreign exchange risk	-	-	18,201	1,456
Total risk-weighted exposure amount and total capital requirement	**-**	**-**	**18,201**	**1,456**
Operational risk				
Standardised approach	790,005	63,200	790,005	63,200
Total risk-weighted exposure amount and total capital requirement	**790,005**	**63,200**	**790,005**	**63,200**
Total risk-weighted exposure amount and total capital requirement	**5,353,165**	**428,253**	**4,466,109**	**357,288**

[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 7 cont.

Group TSEK	30 Jun 2019	31 Dec 2018
Additional capital requirement under Pillar 2		
Concentration risk	46,897	39,742
Currency risk	1,216	364
Capital requirement under Pillar 2 [3]	**48,113**	**40,106**

[3] Capital requirement of 0.9 % of the risk-weighted assets is allocated for Pillar 2 requirements.

NOTE 8 Pledged assets

Group SEK thousand	30 Jun 2019	31 Dec 2018
Group liabilities		
Relating to borrowing from credit institutions		
Loans	32,679	30,735
Other assets	438	445
Total	**33,117**	**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 30 June 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	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
The following transactions took place between companies within the Group:					
General administrative expenses	-450	-281	-697	-572	-977
Total	**-450**	**-281**	**-697**	**-572**	**-977**
The following transactions have been made with other related parties:					
Interest income (transaction costs)	-18,975	-16,810	-35,790	-32,668	-64,743
General administrative expenses	-1,220	-1,250	-2,343	-2,331	-4,599
Total	**-20,195**	**-18,060**	**-38,133**	**-34,999**	**-69,342**
Acquisition of assets and liabilities from other related parties:					
Ecommerce Solutions	233,264	194,645	424,254	362,692	693,685
Total	**233,264**	**194,645**	**424,254**	**362,692**	**693,685**

Group SEK thousand	30 Jun 2019	31 Dec 2018
Assets at the end of the period as a result of transactions with other related parties:		
Other assets	23	1
Total	**23**	**1**
Liabilities at the end of the period as a result of transactions with other related parties:		
Other liabilities	2,587	2,596
Total	**2,587**	**2,596**

PARENT COMPANY

JANUARY - JUNE 2019

COMPARED TO JANUARY - JUNE 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, Estonia, Latvia, Lithuania, Poland, Germany and Austria via branch or cross-border banking.

Operating income

The Parent company's operating income amounted to SEK 242.4 million (209.9). A higher net interest income from the growing loan portfolio is the main reason for the increase. Net results from financial transactions affects operating income by SEK -17,7 million (-19.2), 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 96.1 million (81.6). 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 109 (89) during the first half of 2019.

Net loan losses

Net loan losses amounted to SEK 75.5 million (59.5). The loan portfolio growth is the main reason for the increase. Several new agreements for continuing sale of past due loans were signed during the first quarter of 2019, which has increased the provisions for future loan losses somewhat.

Operating profit

The Parent company's operating profit amounted to SEK 70.8 million (68.9) during the first half of 2019. Net results from financial transactions lowers the operating profit by SEK -17,7 million (-19.2).

Loans to the public

Loans to the public have increased to SEK 3,716 million (3,077) since the start of the year. The increase during 2019 is mainly related to the consumer loans in the Baltics and in Finland, as well as sales finance volumes in Sweden, Finland, Estonia and Poland. The amount includes lending of SEK 248 million (255) to the subsidiary Avarda.

Deposits from the public

Deposits from the public have increased to SEK 4,564 million (4,061) since the start of the year. Volumes from deposit customers have increased significant in Germany during 2019, while the Swedish and Finnish deposit balance has decreased.

Loans to credit institutions

Loans to credit institutions amounted to SEK 905 million (1,174) at the end of the first half of 2019. 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 first quarter of 2019.

Capital adequacy

The Parent company's total capital ratio was 18.4 % (20.4), the Tier 1 capital ratio was 16.1 % (17.8) and the CET1 capital ratio was 13.8 % (15.3) at the end of the interim period. The strong growth of the loan portfolio as well as regulatory changes have impacted the capital ratios during 2019. In addition, the capital base is impacted by foreseeable dividends that have been deducted in accordance with the regulatory requirements.

INCOME STATEMENT, PARENT COMPANY

SEK thousand	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Operating income					
Interest income	141,572	124,594	277,788	241,597	528,995
Interest expense	-16,835	-14,889	-33,249	-29,027	-61,398
Net interest income	**124,737**	**109,705**	**244,539**	**212,570**	**467,597**
Fee and commission income	9,049	9,257	18,510	18,277	36,267
Fee and commission expense	-1,079	-871	-2,920	-1,755	-4,417
Net fee and commission income	**7,970**	**8,386**	**15,590**	**16,522**	**31,850**
Net results from financial transactions	-4,159	-9,274	-17,749	-19,210	1,664
Total operating income	**128,548**	**108,817**	**242,380**	**209,882**	**501,111**
Operating expenses					
General administrative expenses	-43,637	-38,955	-85,123	-73,109	-150,088
Depreciation and amortisation of tangible and intangible assets	-1,597	-1,419	-3,047	-2,825	-5,671
Other operating expenses	-5,313	-2,939	-7,934	-5,630	-12,449
Total operating expenses	**-50,547**	**-43,313**	**-96,104**	**-81,564**	**-168,208**
Profit before loan losses	**78,001**	**65,504**	**146,276**	**128,318**	**332,903**
Net loan losses	-37,533	-30,330	-75,469	-59,454	-124,940
Operating profit	**40,468**	**35,174**	**70,807**	**68,864**	**207,963**
Appropriations	-	-	-	-	13,149
Income tax expense	-9,042	-7,923	-15,864	-15,541	-38,118
Net profit for the period	**31,426**	**27,251**	**54,943**	**53,323**	**182,994**

STATEMENT OF COMPREHENSIVE INCOME, PARENT COMPANY

SEK thousand	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Net profit for the period	**31,426**	**27,251**	**54,943**	**53,323**	**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	**31,426**	**27,251**	**54,943**	**53,323**	**182,994**

STATEMENT OF FINANCIAL POSITION, PARENT COMPANY

SEK thousand	Note	30 Jun 2019	31 Dec 2018
	10		
ASSETS			
Cash and balances with central banks		207,928	143,543
Treasury bills eligible for refinancing		61,064	70,118
Loans to credit institutions		905,291	1,174,142
Loans to the public		3,715,644	3,077,158
Shares		22,284	20,871
Shares in group companies		466,317	433,872
Intangible assets		24,026	18,725
Tangible assets		1,855	1,696
Other assets		8,420	9,585
Current tax assets		34,954	23,178
Deferred tax assets		3,921	3,921
Prepaid expenses and accrued income		6,993	20,526
TOTAL ASSETS		**5,458,697**	**4,997,335**
LIABILITIES AND EQUITY			
Liabilities			
Deposits and borrowings from the public		4,563,716	4,061,396
Other liabilities		18,110	66,294
Deferred tax liabilities		980	1,308
Accrued expenses and prepaid income		61,779	56,741
Subordinated liabilities		98,940	98,570
Total liabilities		**4,743,525**	**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		22,490	15,940
Other contributed capital		3,536	3,536
Total restricted equity		**134,526**	**127,976**
Non-restricted equity			
Tier 1 capital instrument		100,000	100,000
Retained earnings		405,044	281,397
Total comprehensive income for the period		54,943	182,994
Total non-restricted equity		**559,987**	**564,391**
Total equity		**694,513**	**692,367**
TOTAL LIABILITIES AND EQUITY		**5,458,697**	**4,997,335**

NOTE 10 Capital adequacy analysis

Parent company SEK thousand	30 Jun 2019	31 Dec 2018
Common Equity Tier 1 (CET1) capital after any regulatory adjustments	601,498	590,586
Additional Tier 1 (AT1) capital after any regulatory adjustments	100,000	100,000
Tier 2 capital after any regulatory adjustments	98,940	98,570
Own funds	**800,438**	**789,156**
Risk exposure amount	4,359,857	3,870,836
- of which: credit risk	*3,562,560*	*3,102,680*
- of which: credit valuation adjustment	*2,415*	*2,496*
- of which: market risk	*129,767*	*100,545*
- of which: operational risk	*665,115*	*665,115*
CET1 capital ratio, %	13.80	15.26
Tier 1 capital ratio, %	16.09	17.84
Total capital ratio, %	18.36	20.39
Total CET1 capital requirement inclusive of capital buffer requirements	340,069	306,184
- of which: capital conservation buffer requirement,	*108,996*	*96,771*
Capital conservation buffer requirement, %	*2.50*	*2.50*
- of which: countercyclical buffer requirement,	*34,879*	*35,225*
Countercyclical buffer requirement, %	*0.80*	*0.91*
CET1 capital available to use as buffer [1]	405,304	416,398
CET1 capital available to use as buffer, %	9.30	10.76

OWN FUNDS

Parent company SEK thousand	30 Jun 2019	31 Dec 2018
CET1 capital		
Share capital	107,500	107,500
Other reserves	39,605	33,054
Other contributed capital	3,536	3,536
Retained earnings including net profit for the period	459,987	464,391
Adjustment to CET1 capital:		
- Deduction of foreseeable costs and dividends [2]	-33,729	-49,449
- Transitional arrangements IFRS 9	48,625	50,279
- Intangible assets	-24,026	-18,725
Total CET1 capital	601,498	590,586
Additional Tier 1 capital		
Perpetual subordinated loan	100,000	100,000
Tier 2 capital		
Fixed term subordinated loan	98,940	98,570
Own funds	**800,438**	**789,156**

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

SPECIFICATION RISK EXPOSURE AMOUNT AND CAPITAL REQUIREMENT

Parent company SEK thousand	30 Jun 2019 Risk-weighted exposure amount	30 Jun 2019 Capital requirement	31 Dec 2018 Risk-weighetd exposure amount	31 Dec 2018 Capital requirement
Credit risk under the standardised approach				
Institute exposures	-	-	26,690	2,135
Corporate exposures	267,341	21,387	256,948	20,556
Household exposures	2,559,464	204,757	2,097,425	167,794
Exposures in default	69,520	5,562	42,827	3,426
Exposures to institutions with a short-term credit assessment	189,010	15,121	220,710	17,657
Equity exposures	466,317	37,305	433,872	34,710
Other items	10,908	873	24,208	1,937
Total risk-weighted exposure amount and total capital requirement	**3,562,560**	**285,005**	**3,102,680**	**248,215**
Credit valuation adjustment				
Standardised method	2,415	193	2,496	200
Total risk-weighted exposure amount and total capital requirement	**2,415**	**193**	**2,496**	**200**
Market risk [1]				
Foreign exchange risk	129,767	10,381	100,545	8,044
Total risk-weighted exposure amount and total capital requirement	**129,767**	**10,381**	**100,545**	**8,044**
Operational risk				
Standardised approach	665,115	53,209	665,115	53,209
Total risk-weighted exposure amount and total capital requirement	**665,115**	**53,209**	**665,115**	**53,209**
Total risk-weighted exposure amount and total capital requirement	**4,359,857**	**348,788**	**3,870,836**	**309,668**

Koncernen TSEK	30 Jun 2019	31 Dec 2018
Additional capital requirement under Pillar 2		
Concentration risk	39,272	35,326
Currency risk	2,595	2,011
Capital requirement under Pillar 2 [2]	**41,867**	**37,337**

[1] The capital requirement for foreign exchange risk is calculated in accordance with Article 351 of Regulation (EU) 575/2013.
[2] Capital requirement of 1.0 % of the risk-weighted assets is allocated for Pillar 2 requirements.

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, 15 July 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

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 16 July 2019 at 07:00 CET.

PRESENTATION FOR INVESTORS, ANALYSTS AND MEDIA

A live conference call will be held on 16 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 2704 or +44 (0)33 3300 9261. 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

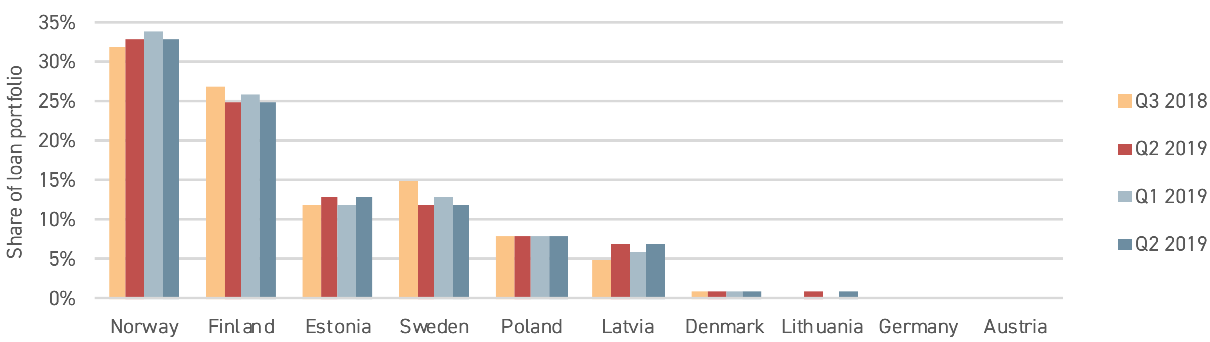
Investor Relations
Mikael Meomuttel
Phone: +46 (0)70 626 9533
ir@tfbank.se

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