TFBank

INVITATION TO ACQUIRE SHARES IN TF BANK AB

GLOBAL COORDINATOR AND JOINT BOOKRUNNER

Carnegie

JOINT BOOKRUNNER

ABG SUNDAL COLLIER

IMPORTANT INFORMATION

This prospectus (the "**Prospectus**") has been prepared in connection with the offering to the public in Sweden and institutional investors in Sweden and abroad, of shares in TF Bank AB (a Swedish public limited liability company) and the listing of the shares on Nasdaq Stockholm (the "**Offering**"). A reference to "**TF Bank**", the "**Company**" or the "**Group**" in this Prospectus refers to, depending on the circumstances, TF Bank AB, a subsidiary of the group or the group of which TF Bank is the parent company. The term "**Selling Shareholders**" refers to TFB Holding AB ("**TFB Holding**"), Förvaltningsaktiebolaget Segersta, Gurrfinans AB, Aktiebolaget Add Value, Mattias Carlsson, KAAX Investment AB, Tiberon AB, AB Monarda, Pehr Petersson, TPS Investment AB, Merizole Holding Ltd and Johannes Rintaniemi."**Global Coordinator and Joint Bookrunner**" or "**Global Coordinator**" refers to Carnegie Investment Bank AB (publ) ("**Carnegie**"), and "**Joint Bookrunner**" refers to ABG Sundal Collier AB ("**ABG**"). See "*Definitions and glossary*" for definitions of these and other terms used in this Prospectus.

The Offering is not intended for the public in jurisdictions other than Sweden. Moreover, the Offering is not intended for persons for whom participation requires additional prospectuses, registrations or other measures other than those required by Swedish law. The Prospectus, the application form and/or other documents connected to the Offering may not be distributed in any country where the Offering requires measures as described above or contravenes the rules of these countries. No action has been taken or will be taken, in any jurisdiction other than Sweden that would permit a public offering of the shares, ownership of shares, or circulation of the Prospectus or other information relating to the Offering, the Company or the shares in a jurisdiction where action for that purpose is required. Applications to acquire shares in violation of the above may be deemed invalid. Persons into whose possession this Prospectus comes are required, by the Company and the Joint Bookrunners, to inform themselves about, and follow all, such restrictions. Neither the Company, the Selling Shareholders, nor the Joint Bookrunners, accepts any legal responsibility for any violation by any person, whether or not by a prospective investor, of any such restrictions.

The shares in the Offering have not been recommended by the U.S. Securities and Exchange Commission or any state securities commission or other federal or state regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy, or determined the adequacy, of this Prospectus. Any representation to the contrary is a criminal offence in the United States. The shares in the Offering have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the "**Securities Act**"), or any state securities legislation, and may not be offered or sold, directly or indirectly within the United States, or to persons resident in that country.

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. The shares in the Offering may not be offered or sold to investors in Hong Kong by means of this or any document, other than (a) to "professional investors" within the meaning of Section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong) (the "**SFO**") and any rules made under the SFO or (b) to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent.

Distribution of this Prospectus to any person other than the offeree specified by the Joint Bookrunners or their representatives, and those persons, if any, retained to advise such offerees with respect hereto, is unauthorised, and any disclosure of its contents without the Company's prior written consent is prohibited. Any reproduction or distribution of this Prospectus in the United States, in whole or in part, and any disclosure of its contents is prohibited.

A Swedish language prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) in accordance with Chapter 2, Sections 25 and 26 of the Financial Instruments Trading Act (Sw. *lagen (1991:980) om handel med finansiella instrument*). The approval and registration does not mean that the Swedish Financial Supervisory Authority guarantees that the factual information provided in the Swedish language prospectus is correct and complete. This Prospectus has been prepared in both a Swedish and an English language version. In the event of any discrepancies between the Swedish language prospectus and this Prospectus, the Swedish language prospectus shall prevail.

Certain amounts appearing in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Unless otherwise specified, SEK or kronor refers to the lawful currency in Sweden. All financial amounts are expressed in SEK unless otherwise is indicated.

The Offering and this Prospectus are governed by Swedish law. Any legal dispute in relation to the Offering and this Prospectus will be settled by the Swedish courts exclusively.

Presentation of historical financial information

Unless otherwise indicated, the financial information presented in this Prospectus has been derived from TF Bank's consolidated financial statements. TF Bank's audited consolidated financial statements for the financial years 2013, 2014 and 2015 and the Company's reviewed interim financial information for the three month period ending 31 March 2016, contained elsewhere in this Prospectus, have been prepared in accordance with International Financial Reporting Standards adopted by the European Union and the Supplementary Accounting Rules for groups RFR 1, issued by the Swedish Financial Reporting Board.

Forward-looking statements

This Prospectus contains certain forward-looking statements. Such statements, certain of which can be identified by the use of forward-looking terminology such as "aim", "anticipate", "assume", "believe", "continue", "can", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "might", "plan", "potential", "predict", "projected", "should", "will" or "would", or in each case, their negative, or other variations or comparable terminology, or by discussions of strategy, plans or intentions, involve a number of risks and uncertainties. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realised. Forward-looking statements relate to, among other things, future financial returns, earnings, costs and synergies, as well as plans and expectations with respect to the business and management of TF Bank, future growth and profitability and general economic and regulatory environment and other matters affecting TF Bank. The forward-looking statements appear in a number of places throughout this Prospectus and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, results of operations, financial condition and performance, liquidity, working capital, cash flow, the impact of regulations, general economic trends, the competitive environment in which TF Bank operates, prospects, growth, strategies, and the industry in which TF Bank operates. Forward-looking statements involve, by its nature, risks and uncertainties as they relate to events, and depend on circumstances that may or may not occur in the future. Although the Company believes the expectations implied by these forward-looking statements are reasonable, all forward-looking statements address matters that involve risks and uncertainties. The Company cautions readers that forward-looking statements are not guarantees of future performance, that they are based on numerous assumptions, and that TF Bank's actual business, results of operations and financial condition, and the development of the industry in which TF Bank operates, may differ materially from (and be more negative than) those made in or suggested by the forward-looking statements contained in this Prospectus.

Readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as at the date of this Prospectus. Prospective investors are urged to read this Prospectus, including "*Risk factors, Market overview, Business description* and *Operational and financial overview*" for a more complete discussion of the factors that could affect TF Bank's future performance and the industry in which TF Bank operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Prospectus may not occur. The Company expressly disclaims any obligation and undertaking to update these forward-looking statements contained in this Prospectus, to reflect any change in expectations or any change in events, conditions or circumstances on which such statements are based, unless required to do so by applicable law or the Nasdaq Stockholm's Rulebook for Issuers. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus, including those set forth under "*Risk factors*".

Industry and market data

The information in this Prospectus has been provided by the Company and other sources identified in the Prospectus. This Prospectus contains information relating to TF Bank's geographic and product markets, product sizes, market shares, market positions and other industry data pertaining to TF Bank's business and markets. Unless otherwise indicated, such information is based on TF Bank's analysis of multiple sources, including data derived from third party industry reports and studies, market research reports, publicly available information and commercial publications. Such third party information has been accurately reproduced, and, as far as TF Bank is aware and is able to verify on the basis of other information published by such third parties, no facts have been omitted which would render the information provided inaccurate or misleading. Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. TF Bank has not independently verified and cannot give any assurance as to the accuracy of market data contained in this Prospectus that were taken or derived from these industry publications or reports. Market data and statistics are inherently predictive and subject to uncertainty and may be subject to subjective interpretations and are not necessarily reflective of actual or future market conditions. Such information and statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgements about what type of products and transactions should be included in the relevant market. As a result, prospective investors should be aware that the market and industry data and forecasts and estimates of market data included in this Prospectus may not be reliable indicators of TF Bank's future results of operations.

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THE OFFERING IN BRIEF

NUMBER OF SHARES OFFERED

The Offering comprises 5,661,553 existing shares offered by the Selling Shareholders. The Selling Shareholders have granted an option to the Joint Bookrunners to purchase up to 849,126 additional shares from the Selling Shareholders to cover any potential oversubscription in the Offering.

No new shares are issued by the Company in connection with the Offering.

PRICE

SEK 77 per share.

INDICATIVE TIMETABLE

Application period for the public in Sweden	2–10 June 2016
Application period for institutional investors	2–13 June 2016
First day of trading on Nasdaq Stockholm	14 June 2016
Settlement date	16 June 2016

MISCELLANEOUS

ISIN of the shares	SE0007331608
Trading symbol at Nasdaq Stockholm	TFBANK

FINANCIAL CALENDAR

Interim report January–June 2016	19 July 2016
Interim report January–September 2016	8 November 2016
Year-end report January–December 2016	14 February 2017

SUMMARY

The summary consists of information requirements set out in "Elements". These Elements are numbered in sections A–E (A.1–E.7). This summary includes all the Elements required in a summary for the relevant type of security and issuer. As some Elements are not applicable to all types of prospectus, there are gaps in the numbering of the Elements. Although an Element is required to be included in the summary for relevant securities and issuer, it is possible that no relevant information can be provided concerning the Element. This information has then been replaced with a brief description of the Element together with the statement "not applicable".

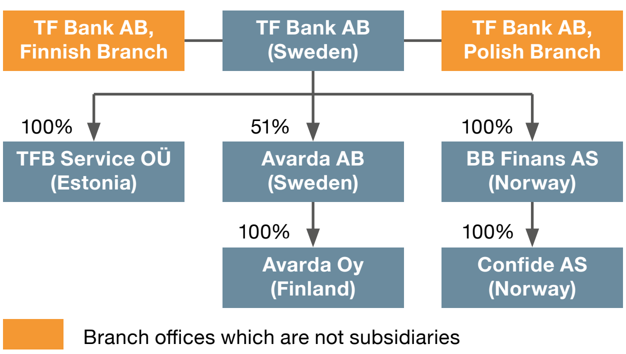
Section A – Introduction and warnings

A.1	Introduction and warnings	This summary should be regarded as an introduction to the Prospectus. Every decision on investment in securities must be based on an assessment of the Prospectus as a whole by the investor. If a petition with regard to information in a prospectus is brought in court, the investor who is the plaintiff may in accordance with the EU member states' national legislation be forced to cover the costs of translating the Prospectus before legal proceedings can begin. Civil law liability may only be imposed on the persons who presented the summary, including translations thereof, but only if the summary is misleading, incorrect or inconsistent with the other parts of the Prospectus or if it does not, taken together with other parts of the Prospectus, provide key information to help investors when considering whether to invest in the securities being offered.
A.2	Consent to use of the Prospectus	Not applicable. Financial intermediaries are not entitled to use this Prospectus for subsequent resale or final investment of securities.

Section B – Issuer

B.1	Company and trade name	The name of the company is TF Bank AB, company registration number 556158-1041. The Company's shares will be traded on Nasdaq Stockholm under the ticker symbol TFBANK, which is TF Bank's trading symbol.
B.2	Registered office, form of company, etc.	The registered office of TF Bank is in Borås, and its legal form is a Swedish public limited company. The company is incorporated in Sweden and conducts its business pursuant to Swedish legislation.
B.3	Primary activity	TF Bank is an online-based niche bank offering consumer banking services through a highly automated, in house developed, IT platform. The Company's IT platform is designed for scalability and adaptability to different products, jurisdictions, currencies and digital banking solutions. TF Bank conducts banking operations with deposits and lending to retail customers in Sweden and Finland, lending to retail customers in Norway and Poland as well as cross-border lending in Denmark, Estonia and Latvia. The Group operates through two complementary business segments which both utilise the Group's IT platform and credit scoring models and also have strong cross-selling opportunities: ***Direct to Consumer:*** In the Direct to Consumer segment, the Group offers unsecured financing to credit worthy consumers up to SEK 45,000–300,000, depending on geography, with duration of up to one to ten years. The loans are in general used for short term financing needs. In the LTM Period ended 31 March 2016, the Direct to Consumer segment contributed 84% or SEK 330 million to the Group's overall operating income. As at 31 March 2016, the Group had SEK 1,629 million in unsecured loans outstanding in this segment, 81% of the loan book, with an average loan value per customer of SEK 21,000 as at 31 December 2015 and an average length per loan on book of approximately 18 months. ***Sales Finance:*** In the Sales Finance segment, the Group offers online payment solutions, invoice and instalment payments, for merchants (e-commerce and retail). In the LTM Period ended 31 March 2016, the Sales Finance segment contributed 16% or SEK 65 million to the Group's overall operating income. As at 31 March 2016, the Group had SEK 383 million in loans outstanding to end customers, 19% of the loan book. As at 31 December 2015, the average loan amount per outstanding loan was approximately SEK 1,500 and an average length per loan, depending on the country, of nine months. In this segment, TF Bank runs a joint venture, Avarda, with Intrum Justitia. Intrum Justitia is one of the leading credit management services companies in Europe and has approximately 3,800 employees and is present in 20 European countries. Intrum Justitia's shares are listed on Nasdaq Stockholm, large cap. Avarda has its own sales organisation and will focus its efforts on the Nordic markets. The presented figures above are derived from the Company's interim report for the period 1 January – 31 March 2016.

B.4a	Trends	The Company believes there are a number of market trends that are currently driving growth and changes to its markets, including: ***Changed credit behaviour with credit needs in new sectors:*** The consumer credit market has undergone considerable development in recent years and currently represents an increasing part of people's day-to-day finances. Through Internet usage, the availability of consumer credit has increased and been simplified. This has also entailed the need for consumer credit shifting to new sectors, such as in the travel sector where credit penetration was previously low. ***Increasing importance of brokers:*** Loan brokers, such as Lendo and Freedom Finance, are becoming more important customer acquisition channels for many consumer loans providers. Through their sites consumers can apply and receive quotes from multiple credit providers. This increased transparency has a clear value-add to consumers, which have consequently led to many consumers opting to benchmark their offers before choosing a credit provider. The Company believes loan brokers have contributed to the growth of the consumer credit market and of smaller credit providers, such as TF Bank, as well as increased competition and increased customer acquisition costs. ***Increasing online and mobile usage:*** The need for physical bank branches and traditional banking operations is decreasing. In today's society, bank customers increasingly want to be able to save, borrow and pay online and via mobile devices. This requires considerable product development and efficiency enhancement among the banking and financial market players. The Company believes this has and will continue to benefit small and agile credit providers, such as TF Bank, that have established their business based on modern IT systems and a single IT platform. ***Growth in e-commerce:*** TF Bank believes that the proportion of consumers having made purchases through internet using their phone or tablet increased strongly in the last several years in the markets in which TF Bank operates. As a result, the need for easy and flexible payment solutions is also increasing. Internet-focused payment solutions companies have experienced high growth in recent years and this trend is expected to continue. ***The SFSA has tightened capital requirements:*** The current total capital requirement is 11.0% including a capital conservation buffer of 2.5% and an institute specific countercyclical capital buffer, which for TF Bank amounted to 0.5% at the end of 2015. In accordance with the SFSA memorandum on capital requirements for Swedish banks in September 2014, the calculation of the countercyclical capital buffer is based on the Swedish and Norwegian buffer rate of 1%. The buffer rate will increase to 1.5% in June 2016 for both Sweden and Norway. The principal aim of the increased capital requirements is to reduce the systemic risks in the banking system with a focus on the large systemically important banks. Increased capital requirements and higher risk weights have reduced the lending capacity of the larger banks, and raised the entry barrier for the market as a whole, while providing business and growth opportunities for specialised lenders such as TF Bank.
B.5	Group	TF Bank is the parent company of the Group. The following is an overview of the Group structure:



B.6 Major shareholders

The Company's largest shareholder is TFB Holding, which at the date of this Prospectus owns 79.35% of the Company's shares.

The table below sets forth information relating to Selling Shareholders as at the date of this Prospectus, prior to the Offering and after the Offering:

	Number of shares as at the date of this Prospectus		Number of shares prior to the Offering		Number of shares after the Offering if the Over-allotment Option is not exercised		Number of shares after the Offering if the Over-allotment Option is exercised in full	
Shareholder	Number	%	Number	%	Number	%	Number	%
TFB Holding[1]	17,059,567	79.35	15,098,825[2]	70.23	10,742,543	49.97	10,089,101	46.93
Merizole Holding Ltd	188,320	0.88	2,149,062[3]	10.00	1,964,062	9.14	1,936,312	9.01
Förvaltningsaktiebolaget Segersta	1,561,947	7.26	1,561,947[4]	7.26	1,150,694	5.35	1,089,006	5.07
Gurrfinans AB	664,658	3.09	664,658	3.09	489,657	2.28	463,407	2.16
Aktiebolaget Add Value	520,649	2.42	520,649[5]	2.42	383,565	1.78	363,002	1.69
Mattias Carlsson[6]	421,281	1.96	421,281[7]	1.96	310,360	1.44	293,722	1.37
KAAX Investment AB[8]	321,252	1.49	321,252	1.49	236,668	1.10	223,980	1.04
Tiberon AB[9]	321,252	1.49	321,252	1.49	236,668	1.10	223,980	1.04
AB Monarda	221,553	1.03	221,553	1.03	163,219	0.76	154,469	0.72
TPS Investment AB[10]	71,665	0.33	71,665	0.33	52,796	0.25	49,966	0.23
Pehr Petersson[11]	107,142	0.50	107,142	0.50	78,221	0.36	73,990	0.34
Johannes Rintaniemi[12]	40,714	0.19	40,714	0.19	29,994	0.14	28,386	0.13
New shareholders[13]	0	0	0	0	5,661,553	26.33	6,510,679	30.28
Total	**21,500,000**	**100**	**21,500,000**	**100**	**21,500,000**	**100**	**21,500,000**	**100**

[1] *TFB Holding is as at the date of this Prospectus the parent company of TF Bank, see "Shares, share capital and ownership structure - Distribution of TF Bank shares by TFB Holding". As a the date of this Prospectus, TFB Holding is owned, directly or indirectly, by KAAX Investment AB (23%), Tiberon AB (24%), Jonas Weil (24%), Trylon AB (26%) and other shareholders (4%). Following allotment of shares in TF Bank and decrease of share capital in TFB Holding, TFB Holding will be owned, directly or indirectly, by KAAX Investment AB (27%), Tiberon AB (28%), Jonas Weil (10%), Trylon AB (31%) and other shareholders (4%).*

[2] *For an explanation of the decrease of the number of shares prior to the Offering as compared to the number of shares as at the date of this Prospectus, see "Shares, share capital and ownership structure - Distribution of TF Bank shares by TFB Holding".*

[3] *For an explanation of the increase of the number of shares prior to the Offering as compared to the number of shares as at the date of this Prospectus, see "-Distribution of TF Bank shares by TFB Holding".*

[4] *The shares will be held through company and/or endowment insurance.*

[5] *The shares will be held through company and/or endowment insurance.*

[6] *Mattias Carlsson is chairman of the Board of Directors of the Company.*

[7] *The shares will be held directly, through Tronstad Consulting AB and/or through endowment insurance.*

[8] *Paul Källenius, who is a member of the Board of Directors of the Company, together with related parties holds 100% of the shares in KAAX Investment AB.*

[9] *John Brehmer who is a member of the Board of Directors of the Company, together with related parties holds 100% of the shares in Tiberion AB.*

[10] *Lars Wollung, who is a member of the Board of Directors of the Company, holds 100% of the shares in TPS Investment AB.*

[11] *Pehr Petersson was the Chief Credit Officer of the Company during the period 2009-2014.*

[12] *Johannes Rintaniemi is a member of the Senior Management team in his capacity as Head of Direct to Consumer and Director of TF Bank's Finnish branch. Johannes Rintaniemi has also worked as a consultant for TF Bank in 2012 and 2013.*

[13] *New shareholders include the Cornerstone Investors.*

Swedbank Robur Fonder, Erik Selin, through Erik Selin Fastigheter AB, and Lazard Asset Management have agreed, on mainly the same terms and conditions as other investors, to acquire a number of shares in the Offering equivalent to 6%, 4% respective 1,75% of the Company's shares following completion of the Offering. Each of these investors commitment is subject to certain conditions. These investors will not be subject to a lock-up in respect of their allocations.

B.7 Financial information in summary

The financial information below has been derived from TF Bank's annual reports for the financial years 2013, 2014 and 2015, as well as from the interim report for the period 1 January - 31 March 2016. TF Bank's audited consolidated financial statements as at and for the years ended 31 December 2013, 2014 and 2015 have been prepared in accordance with IFRS and RFR 1.

CONSOLIDATED INCOME STATEMENT

	1 Jan – 31 Mar *(unaudited)*		1 Jan – 31 Dec *(audited)*		
SEK thousand	2016	2015	2015	2014	2013
OPERATING INCOME					
Interest income	102,001	93,653	385,846	360,136	319,570
Interest expense	(12,154)	(9,285)	(37,602)	(38,567)	(35,035)
Net interest income	**89,847**	**84,368**	**348,244**	**321,569**	**284,535**
Fee and commission income	12,492	10,938	45,882	29,351	10,381
Fee and commission expenses	(1,971)	(1,104)	(5,960)	(3,409)	(2,516)
Net fee and commission income	**10,521**	**9,834**	**39,922**	**25,942**	**7,865**
Net results from financial transactions	236	(34)	(153)	(151)	(21)
Total operating income	**100,604**	**94,168**	**388,013**	**347,360**	**292,379**
General administrative expenses	(33,426)	(26,457)	(118,272)	(86,916)	(66,198)
Depreciation, amortisation and impairment charges of tangible and intangible assets	(1,034)	(1,013)	(4,568)	(3,470)	(3,029)
Other operating expenses	(4,093)	(5,689)	(20,579)	(16,309)	(15,554)
Total operating expenses	**(38,553)**	**(33,159)**	**(143,419)**	**(106,695)**	**(84,781)**
Profit before loan losses	**62,051**	**61,009**	**244,594**	**240,665**	**207,598**
Net loan losses	(27,979)	(30,229)	(108,047)	(113,343)	(97,659)
Items affecting comparability	(6,102)	-	(18,232)	-	-
Operating profit	**27,970**	**30,780**	**118,315**	**127,322**	**109,939**
Income tax expense	(5,227)	(7,623)	(28,906)	(27,779)	(23,615)
Net profit	**22,743**	**23,157**	**89,409**	**99,543**	**86,324**
Net profit attributable to:					
The owners of the Company	24,255	23,715	93,235	99,543	86,324
Non-controlling interests	(1,512)	(558)	(3,826)	-	-
Earnings per share before dilution, SEK	1.13	1.10	4.34	4.63	4.02
Earnings per share after dilution, SEK	1.13	1.10	4.34	4.63	4.02

Cont.
B.7

CONSOLIDATED BALANCE SHEET

SEK thousand	As at 31 March (unaudited) 2016	As at 31 March (unaudited) 2015	As at 31 December (audited) 2015	As at 31 December (audited) 2014	As at 31 December (audited) 2013
ASSETS					
Cash and balances with central banks	29,560	11,265	29,445	4,811	-
Treasury bills eligible for refinancing	60,193	159,965	60,075	159,965	149,669
Loans to credit institutions	755,867	420,283	777,811	485,955	429,358
Loans to the public [1]	2,012,186	1,665,618	1,837,578	1,633,820	1,234,158
Shares and other similar rights of ownership	1,086	-	-	-	-
Goodwill	11,812	-	11,536	-	-
Intangible assets	12,791	6,897	12,406	4,749	4,916
Tangible assets	1,420	1,575	1,516	1,553	1,108
Other assets	2,811	4,239	9,582	10,616	5,209
Current tax assets	8,573	18,982	1,288	19,497	8,034
Deferred tax assets	3,105	382	2,235	-	-
Prepaid expenses and accrued income	24,649	32,710	34,297	31,197	15,605
Total assets	**2,924,053**	**2,321,915**	**2,777,769**	**2,352,163**	**1,848,237**
LIABILITIES AND EQUITY					
Liabilities					
Liabilities to credit institutions	1,917	-	516	-	-
Deposits and borrowings from the public	2,368,305	1,967,859	2,229,562	1,953,403	1,522,288
Other liabilities	17,211	7,850	25,925	65,095	31,911
Current tax liabilities	2,102	-	-	-	-
Deferred tax liabilities	14,242	11,614	14,253	12,146	15,381
Accrued expenses and prepaid income	47,740	37,150	59,280	49,302	39,745
Subordinated liabilities	97,150	-	97,000	-	-
Total liabilities	**2,548,667**	**2,024,473**	**2,426,536**	**2,079,946**	**1,609,325**
Equity					
Share capital (21,500,000 shares with par value of 5 SEK)	107,500	5,000	107,500	5,000	5,000
Other reserves	389	1,003	(673)	1,887	-
Retained earnings	238,445	265,447	144,868	165,787	147,588
Net profit for the period attributable to the owners of the Company	24,255	23,715	93,235	99,543	86,324
Total equity attributable to the owners of the Company	**370,589**	**295,165**	**344,930**	**272,217**	**238,912**
Non-controlling interests	4,797	2,277	6,303	-	-
Total equity [2]	**375,386**	**297,442**	**351,233**	**272,217**	**238,912**
Total equity and liabilities	**2,924,053**	**2,321,915**	**2,777,769**	**2,352,163**	**1,848,237**

[1] *Loans to the public includes both loans extended to customers in the Group's Direct to Consumer segment and as of 1 May 2014, to end customers in the Sales Finance segment.*

[2] *The outstanding number of shares increased from 50,000 to 21,500,000 and the share capital increased from SEK 5,000,000 to SEK 107,500,000 through a share split and a bonus issue on 4 June 2015.*

Cont.
B.7

CONSOLIDATED CASH FLOW STATEMENT

SEK thousand	Three month period ended 31 March (unaudited)		Year ended 31 December (audited)		
	2016	2015	2015	2014	2013
Cash flow from operating activities	(21,513)	(1,261)	266,070	130,029	342,773
Cash flow from investing activities	(1,599)	(3,183)	(82,370)	(3,747)	(718)
Cash flow from financing activities	1,401	(54,774)	32,900	(54,758)	(84,200)
Cash flow for the period	(21,711)	(59,218)	216,600	71,254	257,855
Cash and cash equivalents at the beginning of the period	**867,331**	**650,731**	**650,731**	**579,207**	**321,353**
Cash and cash equivalents at the end of the period	**845,620**	**591,513**	**867,331**	**650,731**	**579,208**

Cont.
B.7

THE GROUP'S FINANCIAL KEY RATIOS

SEK thousand *(unless otherwise indicated)*	Three month period ended 31 March *(unaudited)*		Year ended 31 December *(audited)*			CAGR in % *(unaudited)*
	2016	2015	2015	2014	2013	2013-2015
Income statement						
Operating income	100,604	94,168	388,013	347,360	292,379	15.2%
Operating income margin[1]	21.5%	22.8%	22.4%	24.2%	23.8%	n/a
Operating profit after net loan losses	27,970	30,780	118,315	127,322	109,939	3.7%
Net profit	22,743	23,157	89,409	99,543	86,324	1.8%
Earnings per share, SEK[2]	1.13	1.10	4.34	4.63	4.02	3.9%
Non IFRS-based financial ratios						
Items affecting comparability[3]	(6,102)	-	(18,232)	-	-	n/a
Adjusted operating profit after net loan losses[4]	34,072	30,780	136,547	127,322	109,939	11.4%
Adjusted income tax expense	(6,569)	(7,623)	(32,917)	(27,779)	(23,615)	18.1%
Adjusted net profit	27,503	23,157	103,630	99,543	86,324	9.6%
Adjusted profit attributable to the owners of the Company[5]	29,015	23,715	107,456	99,543	86,324	11.6%
Adjusted earnings per share, SEK[6]	1.35	1.10	5.00	4.63	4.02	11.6%
Balance sheet						
Loans to the public	2,012,186	1,665,618	1,837,578	1,633,820	1,234,158	22.0%
Deposits from the public	2,368,305	1,967,859	2,229,562	1,953,403	1,522,288	21.0%
Credit volume[7]	574,479	429,841	1,675,309	1,190,859	662,072	59.1%
Other financial key ratios						
Adjusted return on equity, %[8]	33.5%	37.6%	34.5%	39.0%	39.4%	n/a
Net loan loss ratio, %[9]	5.8%	7.3%	6.2%	7.9%	8.0%	n/a
Cost/income ratio, %[10]	38.3%	35.2%	37.0%	30.7%	29.0%	n/a
CET 1 capital ratio, %[11]	14.9%	13.5%	13.9%	13.7%	15.1%	n/a
Total capital ratio, %[12]	19.3%	13.5%	18.2%	13.7%	15.1%	n/a
Employees (FTE)[13]	94	64	78	51	36	47.2%

[1] *Operating income as a percentage of average gross loans to the public. Rolling 12 months.*
[2] *Net profit for the period excluding non-controlling interests divided by average number of outstanding shares. The number of shares increased from 50,000 to 21,500,000 through a share split and bonus issue on 4 June 2015. Earnings per share has been calculated using the new number of shares.*
[3] *Items affecting comparability during 2015 is attributable to transaction costs attributable to the cancelled initial public offering in Frankfurt. The profit has suffered further during the first quarter due to costs related to future potential fund raisings, which are presented as items affecting comparability.*
[4] *Operating profit excluding items affecting comparability.*
[5] *Operating profit for the period excluding items affecting comparability, adjusted for income tax and non-controlling interest.*
[6] *Net profit for the period excluding non-controlling interests and items affecting comparability divided by average number of outstanding shares. The number of shares increased from 50,000 to 21,500,000 through a share split and bonus issue on 4 June 2015. Adjusted earnings per share has been calculated using the new number of shares.*
[7] *The paid-out credit (the cash flow) in the period (for the Sales Finance segment, the volume is reduced by product returns).*
[8] *The result of the period excluding non-controlling interests and items affecting comparability divided with average equity. Rolling 12 months.*
[9] *Net loan losses as a percentage of average loan portfolio. Rolling 12 months.*
[10] *Operating expenses as a percentage of operating income.*
[11] *CET 1 capital as a percentage of total risk exposure amount.*
[12] *Own funds as a percentage of the total risk exposure amount.*
[13] *Average number of full time employees during the period, including employees on parental leave.*

Cont.
B.7

DERIVATION OF NON IFRS-BASED RATIOS

This Prospectus contains certain financial key ratios which have not been defined in accordance with IFRS, including key ratios such as "Adjusted operating profit after net loan losses"," Adjusted earnings per share" and "Net loan loss ratio" , as well as other financial ratios. Key ratios that are not defined in accordance with IFRS have been used by management to monitor the underlying trend in the Company's business and operations. The financial key ratios that are not calculated in accordance with IFRS are not to be regarded, in particular, as a substitute for net revenue, operating profit//loss, profit/loss for the period, cash flow from operating activities, or other items in the income statement or in the statement of cash flows that are calculated in accordance with IFRS. TF Bank has presented these financial ratios on this Prospectus since the Company believes that they constitute important supplementary key ratios regarding the Company's profit and believe that they are often used by investors for the purpose of comparing the earnings of companies. Since all companies do not use these or other non-IFRS key ratios in the same manner, due to the manner in which the Company's management has chosen to present these financial key ratios it may not be possible to compare the financial key ratios presented in this Prospectus with similar defined concepts used by other companies. See below for definitions of the financial key ratios presented in this Prospectus which are not calculated in accordance with IFRS.

SEK thousand	**Three month period ended 31 March** *(unaudited)*		**Year ended 31 December** *(audited)*			**CAGR in %** *(unaudited)*
(unless otherwise indicated)	2016	2015	2015	2014	2013	2013-2015
Operating profit	27,970	30,780	118,315	127,322	109,939	3.7%
Items affecting comparability	(6,102)	-	(18,232)	-	-	n/a
Adjusted operating profit after net loan losses, net	**34,072**	**30,780**	**136,547**	**127,322**	**109,939**	**11.5%**
Adjusted income tax expense	(6,569)	(7,623)	(32,917)	(27,779)	(23,615)	18.1%
Adjusted net profit for the period	27,503	23,157	103,630	99,543	86,324	9.6%
Non-controlling interest	(1,512)	(558)	(3,826)	-	-	n/a
Adjusted total net profit for the period attributable to the owners of the Company	**29,015**	**23,715**	**107,456**	**99,543**	**86,324**	**11.6%**
Adjusted earnings per share, SEK[1]	**1.35**	**1.10**	**5.00**	**4.63**	**4.02**	**11.6%**

[1] *Net profit for the period excluding non-controlling interests and items affecting comparability divided by average number of outstanding shares. The number of shares increased from 50,000 to 21,500,000 through a share split and bonus issue on 4 June 2015. Adjusted earnings per share has been calculated using the new number of shares.*

Cont.
B.7

SEGMENT DATA
Direct to Consumer segment

SEK thousand *(unless otherwise indicated)*	Three month period ended 31 March *(unaudited)*		Year ended 31 December *(audited)*		
	2016	2015	2015	2014	2013
Income statement					
Operating income	85,115	76,739	321,534	296,654	292,379
Operating profit	34,361	28,441	130,434	109,631	109,939
Operating profit attributable to the owners of the Company	34,361	28,441	130,434	109,631	109,939
Financial key ratios					
Cost/income ratio, % [1]	32.9%	31.9%	32.8%	30.7%	29.0%
Credit volume [2]	338,093	190,389	844,879	668,594	662,072

[1] *Operating expenses as a percentage of operating income.*
[2] *The paid-out credit in the period (the cash flow).*

SEK thousand *(unless otherwise indicated)*	As at 31 March *(unaudited)*	As at 31 December *(audited)*		
	2016	2015	2014	2013
Balance sheet				
Loans to the public	1,629,106	1,487,235	1,276,109	1,234,158

Sales Finance segment

SEK thousand *(unless otherwise indicated)*	Three month period ended 31 March *(unaudited)*		Year ended 31 December *(audited)*		
	2016	2015	2015	2014	2013
Income statement					
Operating income	15,489	17,429	66,479	50,706	-
Operating profit	(289)	2,339	6,113	17,691	-
Operating profit attributable to the owners of the Company	1,649	3,055	11,005	17,691	-
Financial key ratios					
Cost/income ratio, % [1]	68.1%	50.0%	57.1%	30.5%	-
Credit volume [2]	236,385	239,452	830,430	522,265	-

[1] *Operating expenses as a percentage of operating income.*
[2] *The paid-out credit in the period (the cash flow). The volume is reduced by product returns.*

SEK thousand *(unless otherwise indicated)*	As at 31 March *(unaudited)*	As at 31 December *(audited)*		
	2016	2015	2014	2013
Balance sheet				
Loans to the public [1]	383,080	350,343	357,711	-

[1] *Loans to the public includes loans to end customers from 1 May 2014.*

SIGNIFICANT EVENTS AFTER 31 MARCH 2016
- In April 2016 TF Bank disbursed 9.7 million SEK in shareholder contributions to Avarda.
- On 12 April 2016 the annual general meeting decided upon a dividend corresponding to SEK 0.45 per share.
- The annual general meeting also decided to adopt new articles of association as well as an incentive program for certain senior executives.
- From 2 May 2016 the deposit rate in Sweden was lowered with 0.2 percentage points to 0.7%.

B.8	Selected pro-forma financial information	Not applicable. This Prospectus does not contain pro-forma financial information.
B.9	Profit forecast	Not applicable. TF Bank has not published a profit forecast.
B.10	Audit comments	Not applicable. The auditor's statement did not contain any comments.
B.11	Insufficient working capital	Not applicable. It is the opinion of the Company that the available working capital is sufficient to meet the requirements for a period of 12 months from the date of this Prospectus.

Section C – Securities

C.1	Securities that are offered	Shares in TF Bank AB (ISIN: SE0007331608)
C.2	Denomination	The shares are denominated in SEK
C.3	Total number of shares in the Company	At the date of this Prospectus the share capital amounts to SEK 107,500,000 and the number of shares to 21,500,000. All shares have been issued and are fully paid, each with a quota value of SEK 5.00.
C.4	Rights associated with the securities	At general meetings, each share carries one vote and each shareholder is entitled to vote for the full number of shares such shareholder holds in the Company. If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, shareholders shall, as a general rule, have preferential rights to subscribe for such securities in proportion to the number of shares held prior to the issue. All shares carry equal rights to dividends and to the Company's assets and potential surplus in the event of liquidation.
C.5	Restrictions on free transfer.	Not applicable. All shares of the Company are freely transferable.
C.6	Inclusion for trading	Nasdaq Stockholm's listing committee has on 23 May 2016 decided to admit the Company's shares to trading on Nasdaq Stockholm, subject to certain customary conditions, such as that the distribution requirements in respect of the Company's shares being fulfilled no later than on the first day of trading. Trading is expected to begin on 14 June 2016.
C.7	Dividend policy	The Company has as at the date of this Prospectus paid dividends in amounts of SEK 858,000 (SEK 0.04 per share) for the financial year 2013, SEK 18,104,800 (SEK 0.84 per share) for the financial year 2014 and SEK 9,675,000 (SEK 0.45 per share) for the financial year 2015. The Company also paid group contributions to its parent company TFB Holding of SEK 53,900,000 (SEK 2.51 per share) for the financial year 2013 and SEK 56,840,000 (SEK 2.64 per share) No group contributions have been paid for the financial year 2015. The amounts per share are calculated based on 21,500,000 shares. The Board of Directors of TF Bank has adopted a dividend policy according to which the Company aims at a pay-out ratio of approximately 50% of its annual consolidated net profit. Under the dividend policy adopted by TF Bank's Board of Directors stated above, TF Bank aims at a pay-out ratio of approximately 50% of its annual consolidated net profit. If TF Bank, as a result of its profits and dividend policy, generates a substantial surplus, it is TF Bank's intention to use such surplus either to finance a higher organic growth rate and/or future acquisitions, or to pay out the surplus to its shareholders as dividend. Decisions relating to dividend proposals take into account the Company's future revenue, financial condition, capital requirements, TF Bank's capital targets and general economic and operational circumstances. TF Bank is subject to capital adequacy and liquidity requirements under regulations applicable to financial institutions before potential dividends could be proposed and thus there can be no assurances that in any given year a dividend will be proposed or declared.

Section D – Risks

D.1	Risks relating to the issuer or the industry	TF Bank's business and market are subject to certain risks which are completely or partly outside the control of the Company, and which could affect TF Bank's business, financial condition or results of operations. Described below, in no particular order and without claim to be exhaustive, are the main risk factors and significant circumstances considered to be material to TF Bank's business and future development. The main risk factors related to the Company, its business and the industry include: • An economic slowdown could adversely affect the demand for the Group's Direct to Consumer business, respectively, the Sales Finance products or increase its credit losses and decrease its growth. • A simultaneous withdrawal of savings deposits by a large number of the Group's customers or a lack of sufficient cash inflows from its business operations could result in a liquidity shortage which could negatively affect the Group's ability to maintain or grow its business. • The Group may not be able to successfully evaluate the creditworthiness of its customers or may not price its Direct to Consumer business or Sales Finance products correctly. An increase in the ratio of impairments on assets to revenues as a result of incorrect assessments of consumer creditworthiness could materially adversely affect the Group's financial, economic and liquidity condition. • The Group's growth strategy relies to a certain extent on its Sales Finance business and its Avarda joint venture with credit management service provider, Intrum Justitia. Should the Group and Intrum Justitia not effectively manage Avarda, growth in the Sales Finance business of the Group may stagnate or the business volume may even decline. • The Group may not be able to effectively grow the credit card business of BB Finans in line with its growth strategy. Problems expanding the credit card customer portfolio could result in a material adverse effect on the Group's business, financial condition or results of operations. • The Group may fail to successfully leverage its various business partnerships. The failure of any of these partnerships could have a material adverse effect on the Group's business prospects, financial condition or results of operations. • The Group's business and results of operations may be adversely affected if the Group is unable to manage its growth effectively. • Any disruption in the Group's information systems or the global telecommunication infrastructure could adversely affect the Group's operations. • The Group is partially dependent on third party suppliers and material agreements with third parties. • If the Group loses current key members of management or is unable to attract and retain the talent required for its operations, the Group's business may suffer. • The Group's operations are subject to exchange rate risk. • The Group is subject to accounting and management risk. • The Group is subject to certain risks connected to interest rate fluctuations. • The Group's business is dependent on its license to conduct banking business. If the SFSA were to withdraw the Company's license for any reason, the Group's business would be in jeopardy and it might also have to cease a majority or all of its current operations. • Changes to the Swedish Deposit Protection Program, or a decision resulting in the savings deposit accounts with the Company no longer being covered by the Swedish Deposit Protection Program, may have a negative effect on the Group. • The Company may fail to comply with regulations it is subject to and such failures could materially impact its operations and strategy.
D.3	Risks related to securities	An investment in securities involves risks. Any such risk could cause the trading price in TF Bank's shares to decline significantly and investors could lose all or part of the value of their investment. The main risks related to the Company's shares include: • There is a risk that an active and liquid market for the Company's shares will not develop and the price of the shares may be volatile. • Future capitalisation measures could lead to a substantial dilution, i.e., a reduction in the value of the Company's shares and the control rights of existing shareholders' interests in the Group. • The Group's ability to pay dividends in the future depends on several factors, including asset impairments. • The Selling Shareholders may continue to exercise considerable influence over the Group and its operations and the interests of the Selling Shareholders may conflict with those of the Company's other shareholders. • Any future sales of shares by TFB Holding or other Selling Shareholders of the Group could depress the market price of the shares.

Section E – The Offering

E.1	Issue amount and costs	No shares or securities are being issued by TF Bank in connection with the Offering. The Company will not receive any proceeds from sale of shares by the Selling Shareholders. TF Bank's costs associated with the listing on Nasdaq Stockholm and the Offering are expected to amount to approximately SEK 16 million.
E.2a	Motive and use of proceeds	TF Bank's Board of Directors and the Selling Shareholders believe that this is an appropriate time to enhance TF Bank's profile by listing the Company's shares on Nasdaq Stockholm. The Company's Board of Directors and Senior Management believe that the listing of the Company's shares will further increase awareness of the Company's business and activities, strengthen TF Bank's profile with investors, customers and business partners and increase the ability to attract and retain qualified employees and key management. The Offering will broaden TF Bank's shareholder base and provide TF Bank with the opportunity to use the Swedish and international capital markets to diversify its funding sources.
E.3	The forms and conditions of the Offering	**The Offering** The Offering comprises of 5,661,553 existing shares from the holdings of the Selling Shareholders, corresponding to approximately 26.3% of the total number of shares in the Company, and is directed to the general public in Sweden and to institutional investors in Sweden and abroad. The Selling Shareholders have granted an Over-allotment Option to the Joint Bookrunners, whereby Joint Bookrunners, at the latest 30 days from the first day of trading on Nasdaq Stockholm, are entitled to acquire an additional maximum of 849,126 existing common shares from the Selling Shareholders, corresponding to 15.0% of the total number of shares in the Offering, for a price corresponding to the price in the Offering, to cover any potential oversubscription in connection with the Offering. **The price in the Offering** The price in the Offer has been set by the Selling Shareholders in consultation with the Joint Bookrunners to SEK 77 per share based on several facts, including discussions with certain institutional investors, a comparison with market price of other comparable listed companies, prevailing market conditions, the Company's historical, operational and financial performance and estimates of the Company's business potential and earnings prospects. No brokerage commission will be charged. **The application period** Applications for acquisition of shares by the general public in Sweden should be made during the period 2 June – 10 June 2016. Applications by institutional investors in Sweden and abroad should be made during the period 2 June – 13 June 2016. **Application** Applications from the general public in Sweden for acquisition of shares shall relate to a minimum of 200 shares and a maximum of 14,000 shares in even lots of 50 shares each. Applications can be made to Carnegie in accordance with the respective bank's instructions. Applications by institutional investors shall be made in accordance with special instructions. **Allotment** Decision on allotment of shares is made by the Selling Shareholders after consultation with the Joint Bookrunners, whereby the goal will be to achieve a good institutional ownership base and a broad distribution of the shares among the public in Sweden, in order to facilitate a regular and liquid trading in the Company's shares on Nasdaq Stockholm. Swedbank Robur Fonder, Erik Selin, through Erik Selin Fastigheter AB, and Lazard Asset Management are however guaranteed allotment in accordance with their respective commitments. **Payment** Settlement date for the general public in Sweden and the institutional investors is on 16 June 2016.
E.4	Interests of significance to the Offering	Carnegie and ABG are acting as financial advisors to TF Bank in connection with the Offering. Carnegie and ABG have also provided the Company with advice in connection with the structuring and planning of the Offering and the planned listing of TF Bank's shares on Nasdaq Stockholm and will receive payment for such advice. Carnegie and ABG have from time to time provided and may provide services, within regular operations and in connection with other transactions, to the Company and to related parties to the Company for which they have received and are expected, where appropriate, to receive fees and other remuneration.

E.5	Selling Shareholders and lock-up agreements	The Offering comprises 5,661,553 existing shares from the holdings of the Selling Shareholders. The Selling Shareholders have granted an option to the Joint Bookrunners to purchase up to 849,126f additional shares from the Selling Shareholders to cover any potential oversubscription in the Offering. Under the placing agreement to be entered into between the Company, the Selling Shareholders and the Joint Bookrunners, the Selling Shareholders and Chief Executive Officer and Chief Financial Officer undertake not to (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of any of the Company's shares or any securities convertible into or exercisable or exchangeable for such shares or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of such shares, for a certain period of time after the first day of trading in the Company's shares on Nasdaq Stockholm (the "**Lock-up Period**"). The Lock-up Period for the Selling Shareholders will be 180 days. The Lock-up Period for the Chief Executive Officer and Chief Financial Officer will be 360 days. Furthermore, up to and including the day that occurs four years after the first day of trading in the Company's shares on Nasdaq Stockholm, the Selling Shareholders (except Aktiebolaget Add Value, Mattias Carlsson, TPS Investment AB, Pehr Petersson and Johannes Rintaniemi) undertake not to (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of any of the Company's shares or any securities convertible into or exercisable or exchangeable for such shares or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of such shares if such a disposition would result in the Selling Shareholders' (excluding Aktiebolaget Add Value, Mattias Carlsson, TPS Investment AB, Pehr Petersson and Johannes Rintaniemi) jointly holding being less than 30% of the voting rights in the Company. The Global Coordinator may however grant written exemptions from these undertakings. Following the expiration of the Lock-up Period, the shares may be offered for sale, which may affect the market price of the shares. Pursuant to the Placing Agreement, the Company undertakes towards the Joint Bookrunners, inter alia, during a period of 360 days from the first day of trading in the Company's shares on Nasdaq Stockholm not to, without written approval from the Global Coordinator, decide on or propose a general meeting to resolve on an increase of the share capital by way of a new issue of shares or other financial instruments.
E.6	Dilution effect	Not applicable. No new shares are issued by the Company in connection with the Offering.
E.7	Costs passed to investors	Not applicable. The Company will not pass any costs on to the investors.

RISK FACTORS

Investors should carefully consider the risks set forth below and the other information contained in this Prospectus prior to making any investment decision with respect to the Company's shares. Each of the risks highlighted below could have a material adverse effect on the Group's business, operations, financial condition, results of operations and liquidity which, in turn, could have a material adverse effect on the market price of the Company's shares. In addition, each of the risks highlighted below could adversely affect the value of the Company's shares and, as a result, investors could lose some or all of their investment. The order in which the following risks are presented does not indicate the likelihood of their occurrence, nor the scope of any potential impairment these risks may cause to the Group's business, financial condition, results of operations, liquidity, and prospects. The risks mentioned may materialise individually or cumulatively.

Investors should note that the risks described below are not the only risks the Group faces. The Company has described only those risks relating to its business, operations, financial condition, results of operations and liquidity that it considers to be material and of which it is currently aware. There may be additional risks that the Company currently considers not to be material or of which the Company is currently not aware, and any of these risks, alone or together with risks mentioned below, could have the effects set forth above.

RISKS RELATED TO THE GROUP'S OPERATIONS AND INDUSTRY

An economic slowdown could adversely affect the demand for the Group's Direct to Consumer business, respectively, the Sales Finance products or increase its credit losses and decrease its growth.

Because the Group's business is dependent on consumer spending trends in the countries in which it operates, any period of economic slowdown or recession in these countries could make it more difficult for the Group to retain or expand its customer base. For example, high levels of unemployment in the markets in which the Group operates will likely reduce the number of customers who qualify for Direct to Consumer loan or Sales Finance products, which in turn may reduce the Group's revenues. Similarly, reduced consumer confidence and spending may decrease the demand for the Group's consumer loan, credit card or Sales Finance products as well as the amount of money consumers are able or willing to deposit in savings deposit accounts maintained by the Group, which in turn could affect the Group's liquidity rates. Additionally, during periods of economic slowdown or recession, the Group could experience an increase in defaults, credit extension requests or a higher frequency or severity of credit losses, even if the Group adapts its credit scoring models to adjust to new economic conditions. In particular, certain external events such as the UK referendum on exiting the European Union scheduled for 23 June 2016, could have a significant impact on the economic conditions in Europe and the political stability within Europe. As a result, adverse changes in economic conditions in countries in which the Group's customers are located and Europe in general could have a material adverse effect on the Group's business, financial condition or results of operations.

A simultaneous withdrawal of savings deposits by a large number of the Group's customers or a lack of sufficient cash inflows from its business operations could result in a liquidity shortage which could negatively affect the Group's ability to maintain or grow its business.

The Group relies on customer deposits as its main source of liquidity and as the primary resource by which it is able to offer its loans to retail customers. Although the savings accounts offered to customers by the Group are protected (up to a SEK amount corresponding to EUR 100,000 at present) under the Swedish government-run deposit protection program (the "**Swedish Deposit Protection Program**") and thus guaranteed by Sweden and the average customer deposit with the Group was approximately SEK 249,000 as at 31 March 2016, there is a risk that negative publicity regarding the Group or its industry, a deterioration of general economic conditions or governmental budget discipline in Sweden or other outside events beyond the Group's control could cause a mass withdrawal event in the future. No limits are applied on customers' withdrawals of deposited money. Additionally, the Group may fail to attract enough customers for its savings accounts in the future for a variety of reasons which could limit its growth of loans to the public. If a withdraw event were to occur or if the Group fails to increase its deposit volume in line with the growth in loans to the public, the Group's business, financial condition and results of operations could be materially adversely affected.

The Group's growth depends on cash flow efficiency and cash collection. Considering the Group's business model and its contemplated expansion in new markets and growth within markets in which it currently operates, the Group is exposed to liquidity risk. Although the Group's cash inflows and capital resources are sufficient to fund its current obligations and to satisfy its liquidity needs as at the date hereof, the Group may not be able to satisfy its liquidity needs in the future. Lack of liquidity may occur in numerous scenarios. For instance, the Group could experience a lack of liquidity due to an unexpected increase in rates of delinquencies or defaults on Direct to Consumer loans. If the Group is unable to meet future cash requirements, its growth and thus the implementation of its growth strategy may be adversely affected. As a result, decreasing cash inflows from existing operations and/or increasing cash outflows associated with new operations could result in a material adverse effect on the Group's business, financial condition or results of operations.

Additionally, in order to support its growth and geographical expansion, the Group may in the future rely, next to deposits, on external funds from credit and capital markets. If such external funds are not available under affordable terms, the Group may be required to take measures to conserve cash until the markets stabilise or until alternative credit arrangements or other funding to cover the Group's business needs becomes available under affordable terms. Such measures could include deferring capital expenditures (*i.e.*, acquisitions) and reducing or eliminating the use of cash for the financing of further growth of the Group's business. A limited availability of funds on the market combined with rising lending costs, could adversely affect the Group's growth in both existing and new markets.

The Group may not be able to successfully evaluate the creditworthiness of its customers or may not price its Direct to Consumer business or Sales Finance products correctly.

The Group relies on its ability to correctly analyse and score customers' creditworthiness via its automated IT systems. The instantaneous nature of the Group's credit approval process means that the calculation method by which the Group determines a particular applicant's creditworthiness differs somewhat from the calculations made by other large financial institutions offering traditional consumer loans or other similar products. The Group's customer base may include consumers who do not qualify for general purpose consumer loans or credit cards and consumers who are expanding their existing credit. The Group prices its finance products taking into account the estimated risk level of its customers. If its estimates are incorrect, customer default rates will be higher, which will result in an increase in the Group's non-performing loan losses and in turn will cause the Group to experience reduced levels of net income.

The Group performs an appraisal of customer applications based on the information provided by individual customers, reviews provided by external consumer credit scoring agencies and various other available data, depending on the market in which a particular applicant is located and the Direct to Consumer business or Sales Finance product for which they are applying. In addition, the Group uses its own software-based scoring procedure to rate the creditworthiness of new and repeat customer applicants. The software-based scoring procedure combines historical data from all of the markets in which the Group operates with current information regarding the specific market and the individual customer applicant. Although the Group's credit policies and software-based scoring procedure are refined and updated on an on-going basis, they may prove insufficient or the evaluations produced by such software may prove incorrect. This may be caused by an internal failure of the Group's risk management procedures or an external change of conditions beyond the Group's control. Furthermore, the Group takes the market for non-performing assets into consideration when evaluating expansion plans and scoring methods applied for customer applicants in specific markets. An increase in the ratio of impairments on assets to revenues as a result of incorrect assessments of consumer creditworthiness could materially adversely affect the Group's financial, economic and liquidity condition.

The Group may not be able to successfully sell its non-performing loans.

The Group operates with a clean balance sheet strategy, resulting in loans more than 69 days overdue being sold to debt collectors at rates of approximately 35-70% of face value, depending primarily on the size of the loan and the market where the loan was originated. The Company follows this strategy in a majority of its markets, and it enables TF Bank to focus on its core activity, lending, and less on provisioning of long-overdue loans and also results in the balance sheet being principally clean from non-performing loans. Furthermore, the Group takes the market for non-performing assets into consideration when evaluating expansion plans and scoring methods applied for customer applicants in specific markets. However, the Group may not have attractive disposal options for non-performing loans in the future which may result in an increase in the ratio of impairments on assets which could materially adversely affect the Group's financial, economic and liquidity condition.

The Group is exposed to various types of credit risks.

Credit risk relates to the risk that the Group does not receive payment as agreed and/or will make a loss due to the inability of the counterparty to fulfil its obligations. The underlying transaction may, *inter alia*, be a loan or other commitment. Credit risk can be divided into risk, *inter alia*, related to consumer loans, credit cards and e-commerce receivables or liquidity deposited with central bank and credit institutions. In the event that borrowers fail to perform their obligations the Group may suffer credit loss. Such credit losses could result in a material adverse effect on the Group's business, financial condition and results of operations.

The Group offers unsecured credits and credit cards to private individuals. Specific risks associated with granting consumer loans and credit card loans without collateral are risks that could affect the customers' repayment ability, including the risk of economic downturns and higher unemployment. Moreover, the Group is exposed to the risk of customers applying for and being granted loans with no intention of repaying the borrowed amount. The Group is also exposed to various types of fraud or identity theft, which entails a risk of credit losses.

In e-commerce, the Group offers its partners' customers instalment payment solutions, revolving credit or payment by invoice regarding financing purchases of goods. The credits are unsecured credits mainly to private individuals. Specific risks to which the Group is exposed in e-commerce are risks that could affect the customers' ability to repay credits, including the risk of economic downturns and higher unemployment. Moreover, in e-commerce the Group is exposed to the risk of various types of fraud or identity theft, which are associated with the risk that repayment will not occur.

A part of the Company's liquidity is deposited with central bank and a number of credit institutions. These amounts are well in excess of any government guaranteed deposit insurance, which exposes the Company to the risk that one or more of these institutes would not be able to meet its obligations under these deposits.

The Group's growth strategy relies to a certain extent on its Sales Finance business and its Avarda joint venture with credit management service provider, Intrum Justitia.

In March 2015, the Group launched initial operations through Avarda AB ("**Avarda**"), a joint venture formed with Intrum Justitia AB ("**Intrum Justitia**"). Avarda is 51% owned by the Company and is thus a subsidiary consolidated in TF Bank's financial reports. Avarda provides white-label invoice solutions to merchants in Sweden, Finland, Norway and Denmark (the "**Avarda Territories**"). Within this joint venture, Intrum Justitia provides the sales force and customer relations department to assist in procuring agreements with merchants for services provided by Avarda. The Group provides the invoice software solution, IT system scoring and funds to grow the loan volume. While Avarda has signed up 17 merchants since its launch of operations, Avarda may not be able to sign up merchants at a similar rate or at all in the future. Should the Group and Intrum Justitia not effectively manage Avarda, growth in the Sales Finance business of the Group may stagnate or the business volume may even decline. As a result, problems with Avarda could result in a material adverse effect on the Group's business, financial condition or results of operations.

Intrum Justitia has an option exercisable in 2020 to acquire all the shares of Avarda held by the Company. The exercise price under the option is calculated based on a multiple of the profits after tax and a share of the assets of Avarda. Should Intrum Justitia exercise the option, the Group will receive cash for its 51% holding in Avarda and will be prohibited from competing in the Sales Finance business in the Avarda Territories for two years after the exercise of the option. As a result, the Group will be forced to concentrate its operations in Sales Finance outside of the Avarda Territories, which include its home market of Sweden, and may lose previously realised opportunities to cross-sell its Direct to Consumer products to customers from Avarda or potential Sales Finance customers in the Avarda Territories generally. If the Group does not adequately diversify geographically in its Sales Finance business or if it has no other suitable business opportunities to grow its activities if Intrum Justitia exercises its option to acquire Avarda, the Group's business, financial condition or results of operations could be materially adversely affected.

Intrum Justitia has another right to acquire all the shares of Avarda held by the Company. Should the ownership of the ultimate beneficial owners of the Company named in the joint venture agreement with Intrum Justitia regarding Avarda (the "**Joint Venture Agreement**") fall below 30% of the voting rights in the Company, Intrum Justitia has a right to acquire all of the Company's shares in Avarda. Should a competitor, or a party that controls a competitor, to Intrum Justitia or Avarda acquire more than 30% of the total number of voting rights in TF Bank, Intrum Justitia also has the right to acquire all of the Company's shares in Avarda. As a result, should the ownership change in accordance with the foregoing and Intrum Justitia exercises its right to acquire Avarda, the Group's business, financial condition or results of operations could be materially adversely affected.

Avarda's strategy is to sign up online merchants with large annual turnovers. The first 17 merchants that Avarda has signed up have a combined annual turnover in the Nordics relevant for Avarda of approximately SEK 10 billion with one of them making up approximately 30% of this turnover. As a result, the Group is exposed to business counterparty risk in relation to these merchants. While Avarda's cooperation agreements with these merchants are long-term and cover periods of several years, should competitors be able to offer more attractive terms to merchants and such merchants thus terminate their contracts with Avarda, this could result in a material adverse effect on the Group's business, financial condition or results of operations.

The Group may not be able to effectively grow the credit card business of BB Finans in line with its growth strategy.

In July 2015, the Group acquired the Norwegian financial institution BB Finans ASA ("**BB Finans**"). Through BB Finans, the Group has gained access to technology and licenses to offer credit cards in Norway, which the Group intends to expand to offer credit cards in the other countries in which it operates. The Group may not be able to effectively grow its credit cards product in line with the Group's growth strategy. Problems expanding the credit card customer portfolio could result in a material adverse effect on the Group's business, financial condition or results of operations.

The Group may engage in further acquisitions in the future which subjects it to various risks.

The Senior Management of the Group has in the past analysed a variety of acquisition targets and may engage in acquisitions of other companies or business assets in the future. Carrying out acquisitions involves further risks. For instance, any acquisition carries the risk that the price paid is considered too high by the market, that the acquisition proves to be less successful than anticipated, that the acquired company or business does not develop as expected, and that sales and earnings goals pursued by way of the acquisition are not met. In addition, any acquisition is subject to the risk that the Group will not be able to integrate the acquired company into the Group as planned or only at a higher cost than originally planned or that any intended synergy effects cannot be realised to the extent anticipated or at all. Furthermore, acquisitions may involve the risk that liabilities related to the acquired business or company are assumed which may not be recoverable from the respective seller. Any of these risks could result in a material adverse effect on the Group's business, financial condition or results of operations.

A failure to adequately diversify its product portfolio and geographic presence could negatively affect the business of the Group.

The Group's current product offerings are highly concentrated and dependent upon consumer behaviour. Should outside factors negatively affect consumers in the future, some or all of the Group's products could potentially be affected. In such a situation, credit loss risks could further increase if the Group's Direct to Consumer loan and Sales Finance product portfolio is not adequately diversified among consumer type. A deterioration of economic conditions or an economic slowdown may additionally exacerbate the credit risk associated with insufficient diversification for the Group's product offerings as a whole.

Although the Group now operates in seven countries, Sweden, Finland, Estonia and Poland have historically accounted for virtually all of the Group's total operating income. As at 31 March 2016, Sweden accounted for 33%, Finland for 36%, Norway for 15%, Denmark for 2%, Estonia for 9%, Latvia for 0.1% and Poland for 5% of the Group's total loans to the public. As a result, the Group is also exposed to country-specific risks with respect to these national markets. In such markets, dissatisfaction with the Group's products, a decrease in customer demand, the failure of the Group to successfully market new and existing products or the failure to retain and further expand its customer base in its markets and other local factors may negatively affect the Group's business. These risks could also intensify if the Group is unable to geographically diversify and expand its operations and customer base in additional markets, which could have a material adverse effect on the Group's business, financial condition or results of operations.

The Group may fail to successfully leverage its various business partnerships.

In addition to the Group's Avarda joint venture, the Group has recently also partnered with various other companies in order to implement its growth strategy that aims at a rapid expansion of its end customer base. For example the Group partnered with Odin Kapital AS ("**Odin Kapital**") in Norway to provide unsecured consumer loans in the form of credit cards to patients of dentists who would like to pay dentists' costs via instalment loans. The Company believes that these partnerships, and potentially others, provide opportunities to grow its end customer base, however, it is possible that any or all of these partnerships prove unsuccessful or result in losses to the Group as a result of the Group's or its partners' actions. The failure of any of these partnerships could have a material adverse effect on the Group's business prospects, financial condition or results of operations.

The Group's business and results of operations may be adversely affected if the Group is unable to manage its growth effectively.

The Group's future expansion strategy, including its product portfolio, partnership and geographic expansion strategy, is subject to certain risks. The Group's continued growth is dependent upon a number of factors, including the ability to efficiently adjust internal monitoring and control systems, the ability to develop and implement "best practices" in response to day-to-day business challenges, the ability to secure adequate financing to successfully establish operations in new markets, the ability to turn new operations profitable within the expected time after market entry, the ability to correctly assess legal requirements in targeted markets and monitor on-going changes in existing markets, the ability to develop and maintain adequate and secured IT-platforms, the ability to successfully integrate any operations which may be acquired in the future, the ability to identify and overcome cultural and linguistic differences which may impact market practices within a given geographic region and other factors, some of which are beyond the Group's control. The Group may not be able to effectively manage the expansion of its operations or the Group's current personnel, systems, procedures, and controls may not be adequate to support the Group's future operations.

In some countries, certain consumer loan products of the Group may not be offered in the same manner as in other countries due to more restrictive bank and consumer regulation. For instance, certain fees may be restricted or interest rate caps may be imposed, which can affect the Group's pricing model in these markets. Under these circumstances, the business success of the Group depends on its ability to offer consumers alternative and equally attractive products. In the last three years, the Group has enhanced its product portfolio, which now consists of smaller, traditional Direct to Consumer loans, savings accounts, credit cards and Sales Finance product offerings to customers of e-commerce and other merchants. Although product variations provide the Group with a more diversified consumer product portfolio, the launch of new products – even when based on the same processes, systems, and scoring as the existing products – involves additional investments and carries the risk of product failure or implementation delays.

Additionally, while organic growth and continued product development and improvement are core components of the Group's strategy, growth through acquisitions may also comprise part of the Group's development strategy. Such acquisitions are accompanied by transactional risks. Any future acquisition may require significant financial resources. If the Group experiences any difficulties in integrating acquired operations into its business, the Group may also incur higher than expected costs and may not realise all the benefits of such acquisitions. This could lead to adverse accounting and financial consequences, such as the need to write down acquired assets. Any failure of the Group to effectively manage its growth and development could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's operations in multiple markets expose the Group to regulatory and other local risks in a number of European markets.

The Group currently operates in seven countries: Sweden, Finland, Norway, Denmark, Estonia, Latvia and Poland. The Group's business is subject to local risks due to its operations in multiple European markets, including multiple national and local regulatory and compliance requirements relating to inter alia labour, consumer credit, data protection, anti-corruption, anti-money laundering and other regulatory regimes, potential adverse tax consequences, antitrust regulations, inability to enforce remedies in certain jurisdictions and geopolitical and social conditions in certain sectors of relevant markets. Any negative impact caused by the foregoing risks could have a material adverse effect on the Group's business, financial condition and results of operations.

Any disruption in the Group's information systems or the global telecommunication infrastructure could adversely affect the Group's operations.

IT systems are an essential component of the Group's business due to its diverse use of automated processes and controls. The Group evaluates and seeks to improve its current systems on a continuous basis, including developing new systems, and introducing comprehensive maintenance schemes for existing software. The Group utilises a proprietary IT platform, which provides control and automation of the application process for the Group's product offerings. However, due to the open nature of the Internet and the increasing sophistication of online criminality, all web-based services are inherently subject to corruption risks. In addition, despite the comprehensive maintenance efforts and careful development of the Group's IT systems, such systems might fail or experience periods of outage or delay in the transfer of information which could significantly impact the Group's operations. Damage to the Group's IT systems and software or failure to protect its data against cyber-attacks could have a material adverse effect on the Group's business.

Additionally, the Group relies on global telecommunications including the Internet and various mobile and online services worldwide in order to conduct its operations and offer its products to customers. To access the Group's online consumer loan portals or merchant websites which feature the Group's Sales Finance products, the Group's and affiliate merchants' customers need to have Internet access or a mobile data connection. Disruption of these or similar telecommunications services globally, or in the respective countries in which the Group operates, due to equipment or infrastructure failures, strikes, piracy, terrorism, government restrictions, weather-related problems, or other events, could temporarily impair the Group's ability to supply its product portfolio to its customers, which in turn could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is partially dependent on third party suppliers and material agreements with third parties.

The Group is partially dependent on hosting providers, loan brokers, marketing support services, licensing agreements, communications carriers and other third parties for the day-to-day operation of its business. The Group also utilises certain third party software for general corporate operations and is dependent on certain third party data providers (*i.e.*, credit bureaus) in order for its customer assessment scoring model to operate successfully. If any of these third party suppliers ceased to supply their products or services to the Group or were unable to fulfil the terms of their contracts for any reason and the Group could not replace them with alternative suppliers in a timely fashion or on favourable commercial terms, it could impair the quality of, or make it impossible for the Group to deliver, its own products and services.

Loan brokers are becoming more important customer acquisition channels for many consumer loans providers such as the Company. Through their sites consumers can apply and receive quotes from multiple providers. When loans are offered via external partners, the Company has no direct interaction with its customers, and hence the possibilities of creating a relationship with the customers are limited. The customer loyalty is limited as the customer will choose the provider offering the best loan terms. This could have a material adverse effect on the Group's business, financial condition or results of operations.

Competition in the direct to consumer business or sales finance industries could cause the Group to lose its market share and revenues.

The Group faces competition in all the countries in which it operates. In some countries, there are well-established and sophisticated competitors. There is a wide range of companies targeting the market for small consumer loans and credit cards, including various smaller, locally operated companies in addition to larger traditional consumer banks. While the Group's key consumer loan segment currently offers loans of up to SEK 45,000-300,000 depending on the jurisdiction, many of the Group's competitors do not restrict the size of available loans or provide the possibility for larger loan amounts than the Group offers. In addition, the Group also competes with other forms of short-term financing such as peer-to-peer loans and other credit cards. In the sales finance industry, other companies could have pre-existing relationships with the Group's target merchant partners or could offer better terms for sales finance products to the Group's existing merchant partners.

The highest risk of competition is experienced particularly in mature markets with high saturation, such as Sweden. In the past, intensive competition has pushed prices downward in some markets, which, if competition further intensifies, could erode profit margins and the Group's net income. The Group believes that the direct to consumer loan and sales finance markets may become even more competitive as the industry consolidates. Some of the Group's competitors may have larger and more established customer bases and substantially greater financial, marketing and other resources than the Group currently has. As a result, the Group could lose market share to these competitors and its revenues could decline, thereby affecting the Group's ability to generate sufficient cash flow to fund expansion of its operations. This could have a material adverse effect on the Group's business, financial condition or results of operations.

A reduction in demand for the Group's products or failure by the Group to develop innovative and attractive products could adversely affect the Group's business and results of operations.

A significant share of the Group's revenue is generated through its core Direct to Consumer loan product, while the remainder is generated by the Group's Sales Finance segment. The demand for a particular product the Group offers may be reduced due to a variety of factors, such as regulatory restrictions that decrease customer access to particular products, the availability of competing products or changes in customers' preferences or financial conditions. Furthermore, any changes in economic factors that adversely affect consumer purchase behaviour and employment could reduce the volume or type of loan products the Group provides and have an adverse effect on the Group's revenues and result of operations. Should the Group fail to adapt to significant changes in consumers' demand for, or access to, its Direct to Consumer loan product, the Group's revenues could decrease significantly and operations could be harmed. Each modification, new products and alternative method of conducting business is also subject to risk and uncertainty and requires significant investment in time and capital, including additional marketing expenses, legal costs and other incremental start-up costs. Even if the Group does make changes to existing products or introduce new products to meet customer demand, customers may resist or may reject such products.

The Group's future growth may depend on its ability to foresee the direction of the commercial and technological development of production processes and technologies in its key markets. Future growth and the Group's ability to reach its innovation targets will also depend upon the Group's ability to successfully develop new and improved Direct to Consumer business and Sales Finance products and services, using existing or new technological capabilities, and to successfully market these products in changing economic environments. The Group might not be successful in continuing to meet its customers' needs through innovation or in developing new products and technologies or, if developed, such new products might not be accepted by potential customers. The Group may not be able to recover investments that it has made in order to develop these new products or processes, and may not have sufficient resources to keep pace with technological developments. The failure of the Group to keep pace with the evolving technological innovations in its markets and adequately predict customer preferences could have a material adverse effect on the Group's business, product portfolio, financial condition and results of operations.

If the Group loses current key members of management or is unable to attract and retain the talent required for its operations, the Group's business may suffer.

The Group's performance and future growth depend on its employees, who, during the first three months of 2016, totalled 94 persons in average, including key management personnel. The Group's operations involve highly qualified personnel and its continued ability to compete effectively and implement its strategy depends on the Group's ability to attract new employees and retain and motivate existing employees. Familiarity with internal processes and operational expertise of the Group's employees are critical factors in the efficiency of the Group's business operations. The Group is especially dependent on the expert knowledge of its current Senior Management. There can be no assurances that the Group will be able to retain the executive officers and key employees or attract additional qualified management or employees in the future. The loss of the services of any of the Group's Senior Management or key employees could impair the Group's ability to pursue its business operations as planned which could have a material adverse effect on its business, financial condition and results of operations.

The nature of the Group's business as a provider of consumer loans and sales finance products may be misunderstood by customers, consumer protection organisations and others. Negative public perception and reputational damage could adversely affect the Group's business.

Consumers, consumer protection organisations, or journalists may not correctly understand and represent the nature or scope of the Group's products. Any misunderstandings or mischaracterisations of the Group's business or products could result in negative reviews, articles or complaints regarding the Group, the Group's products, or the industry in which the Group operates.

Consumer protection bodies, consumer advocacy groups, certain media reports, and a number of regulators and elected officials in markets in which the Group conducts business have from time to time advocated government action to prohibit or severely restrict certain types of short-term consumer lending or financing of consumer sales. These efforts have often focused on lenders that target customers who have short-term liquidity needs and, in many cases, low levels of personal savings and incomes and that charge consumers imputed interest rates and fees which, on an annualised basis, are much higher than those charged by credit card issuers or banks to more creditworthy consumers. There is a risk that the Group could be affected by negative publicity associated with other loan, credit card or sales finance companies which are targeted by consumer advocacy groups or regulatory authorities, even if these companies are not affiliated with the Group or its business. Additionally, in certain countries, such as Estonia, there is a high rate of complaints brought by customers relating to financial products which affects the Group's operations in those countries. Such complaints require time and resources from the Group and must be taken into consideration for operating in the region.

Further, the Group may generally experience a decrease in demand for its products if consumers perceive any of the Group's products as unreasonably expensive or abusive toward customers. Furthermore, media coverage and public statements that allege some form of corporate wrongdoing in the industries in which the Group operates may make it more difficult for the Group to attract and retain qualified employees and management, as well as divert management attention and increase hiring expenses. A negative perception of the behaviour of individual employees, the Group itself, affiliated or similar companies or the entire industry may severely damage the Group's reputation and could lead to potential legal claims and have a material adverse effect on the Group's business, financial condition or results of operations.

The Group's operations are subject to exchange rate risk.

The Group operates internationally and is therefore subject to unexpected changes in foreign currency exchange rates among various currencies. Foreign exchange risk arises in connection with current and future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.

Currently, the Group accepts deposits from consumers in SEK and EUR (a majority of which are made in SEK). The Group relies on swap agreements and other financial instruments in order to obtain necessary currency for its product offerings in other markets that do not use these currencies (such as in Poland, where products are offered in Polish zloty). The Group uses its customer deposits for a large portion of its liquidity requirements when offering Group products and there is a risk that the amount of customer deposits or the amount of customer deposits in a specific currency does not adequately cover the Group's future liquidity needs. Adverse foreign exchange fluctuations against the euro, especially in the Swedish, Polish, or Norwegian currencies, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is subject to accounting and management risk.

Preparation of the Group's financial statements requires the Senior Management to make estimates, assumptions, and forecasts regarding the future. These estimates, assumptions, and forecasts may be inaccurate and are inherently subject to uncertainties. Future developments may deviate significantly from the assumptions made if changes occur in the business environment and/or business operations of the Group. Furthermore, the Senior Management is required to use its judgment in the application of accounting principles in the preparation of the financial statements. Group subsidiaries vary by their size and they are located in different countries. The nature of the Group's cross-border operations involves arrangements that often require the judgment of the Senior Management in the application of accounting policies. Inadvertent errors in accounting and/or management decisions could have a material adverse effect on the Group's business, financial condition and results of operations.

From time to time, the International Accounting Standards Board (the "**IASB**") and/or the EU revise the International Financial Reporting Standards ("**IFRS**"), which governs the preparation of the Group's financial reporting. These revisions can be difficult to predict and could materially affect how the Group records and reports its financial condition and results of operations. On 24 July 2014, the IASB issued the final version of its new standard on financial instruments accounting, IFRS 9 – Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and financial liabilities, impairment of credit losses and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 (if not voluntarily applied earlier). The implementation of IFRS 9 will likely affect the Group's accounting procedures as well as its capital adequacy requirements negatively. If the Group is unable to comply with current or future reporting requirements, its reputation and business could be negatively affected.

The IASB may make other changes to the financial accounting and reporting standards that govern the preparation of the Group's financial statements, which the Group may adopt prior to the date on which such changes become mandatory if determined to be appropriate, or which the Group may be required to adopt. Any such change in the Group's accounting policies or accounting standards could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is subject to certain risks connected to interest rate fluctuations.

The Group's Direct to Consumer lending products and interest paid on savings rate deposits are tied to variable interest rates. An increase in market interest rates could have a negative effect on the Group's profits in the event that such an increase would affect the interest rates and payments on consumer finance products and savings accounts offered by the Group. Higher interest rates could oblige the Group to raise savings account rates, increasing the Group's financing costs. If the Group is unable to compensate by charging higher interest rates on its loan products, its profitability could be negatively affected, which could ultimately affect the Group's business, financial condition and results of operations.

The Group's business is affected by the development of net interest margin.

TF Bank generates its net interest income from consumer loans and sales finance loans. The ability to increase operating income and profitability is affected by the margins TF Bank can generate on its lending activities. TF Bank's margins are driven by the interest income generated through its loan products relative to the Company's interest expense, which includes the cost of funding of both its loan portfolio and its liquidity reserve. The interest income generated through the Group's loan products is driven by the interest rates and fees that it charges to customers as well as transaction costs, such as commission to brokers and merchants, which are recorded as net against interest income. The rates charged are variable and TF Bank can change them depending on current market conditions and changes in the Company's cost of funding. For new loans, TF Bank sets the interest rates and fees that it offers based on various factors, including geography, customer type, its cost of funding, reference rates, transaction costs and competitive and regulatory environment. TF Bank's cost of funding is largely dependent on the interest rates on the Company's saving accounts and other sources of funding such as issued bonds. TF Bank's saving account products also have variable interest rates, which the Company adjusts based on various factors, including its funding needs, market interest rates and competitive environment. While TF Bank's ability to adjust interest rates and fees on its existing loans promotes stable net interest margins for the respective segments, there is a risk that the Company will not be able to re-price its variable rate assets and liabilities at the same time, giving rise to re-pricing gaps in the short or medium term. The above could have a material adverse effect on the Group's business, including its reputation as well as its financial condition and results of operations.

If the Group incurs a large amount of fraud-related losses, the Group's results of operations and financial condition may be adversely affected.

The Group is exposed to fraud risk associated with information provided by its (potential) customers. The most common fraud risk is identity theft. There is a risk that the Group could suffer losses in the future due to the criminal behaviour of its potential or actual customers, which may be unanticipated or undetected by the Group. Further, a large-scale attack or collusion among customer applicants could result in potentially greater losses if the Group is unable to detect or prevent such behaviour. This could have a material adverse effect on the Group's business, including its reputation as well as its financial condition and results of operations.

The Group may incur property, casualty or other losses not covered by insurance.

The Group considers its insurance coverage to conform to market practice for companies in its industry. However, insurance fully covering political, economic and many other risks relating to the Group's business is not generally available to the Group or to other companies. No assurance can be given that the insurance policies that the Group currently has in place will continue to be available, or that they will be available at economically feasible premiums.

Any actual losses suffered by the Group may exceed the Group's insurance coverage and would be subject to limitations and excesses, which could be material. The realisation of one or more damaging event for which the Group has no or insufficient insurance coverage could have a material adverse effect on the Group's business, financial condition and results of operations.

REGULATORY AND LEGAL RISKS

The Group may fail to comply with data protection and privacy laws, which could negatively affect its business.

The Group's operations are subject to a number of laws relating to data privacy, including the Privacy and Electronic Communications (EC Directive) Regulations 2003 as well as relevant local data protection and privacy laws in jurisdictions in which the Group operates. The requirements of these laws may affect the Group's ability to collect and use personal data in a way that is of commercial use to the Group, for example in determining a potential applicant's credit profile. Breach of data privacy laws could result in the Group being subjected to claims from its customers whose privacy it has infringed and having to face administrative proceedings (including criminal proceedings) against data protection regulators in the jurisdictions where the Group operates. In addition to potential liability for breaches, any inquiries made, or proceedings initiated by, regulators could lead to negative publicity for the Group, which could materially adversely affect its reputation and business. In 2018, the EU General Data Protection Regulation (EU) 2016/679 (the "**Data Protection Regulation**") will become effective. Breaches of the Data Protection Regulation could result in the Group, in addition to what is stated above, risking high administrative fines, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's business is dependent on its license to conduct banking business.

According to the Swedish Banking and Financing Business Act (Sw. *lag (2004:297) om bank- och finansieringsrörelse*), a banking license is required from the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**SFSA**") in case a company wants to conduct banking operations. The term banking operations means operations which include payment services through general payment systems and receipt of funds that are available for the creditor within a maximum of 30 days after termination. The Company was granted its license in January 2012 and includes a right to conduct cross-border operations within the EEA. Apart from the aforementioned services, the Company may also provide other types of services, such as credit and payment services.

As a holder of the license the SFSA exercises supervision over the Company. It may do both off and on-site inspections and has the power to require the production of and to obtain access to all records, documents or information. The SFSA can criticize or impose sanctions for failure to comply with or properly implement legal requirements. Criminal sanctions can for example apply in case of failure to comply with the financial regulation or regulations concerning market abuse. The SFSA has a wide range of administrative sanctions available, including an official remark or warning in connection with punitive fines and the ability to remove a board member or managing director (but not other members of the Senior Management) of a company. The SFSA can also withdraw a company's license for a variety of reasons including, but not limited to, non-compliance with existing or failure to implement new regulatory requirements.

The Group is dependent on its banking license with the SFSA. If the SFSA were to withdraw the Company's license for any reason, the Group's business would be in jeopardy and it might also have to cease a majority or all of its current operations. Other administrative sanctions imposed by the SFSA could cause significant reputational risk, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is subject to various consumer protection laws, other local legal and regulatory requirements and European law, changes or different interpretations of which could significantly impact the Group's business.

The Group is subject to various laws, regulatory requirements and general guidelines in the countries in which it operates. Changes in local legislation require the Group's respective local subsidiaries to adapt its operations to ensure compliance with such changes. Failure to timely implement procedures that comply with new regulations may have a material adverse effect on the Group's business, financial condition, or results of operations. There is a risk that courts, regulatory agencies and financial supervisory authorities in the jurisdictions which the Group operates in, including the Company's home country supervisory authority, the SFSA, could issue new regulations or interpretations or find the Group's services to be in violation of local or EU-wide legal requirements (such as license requirements, maximum interest rate provisions, transparency requirements or other regulatory requirements).

In the past, the Group has adapted its business model and product offerings in several countries as a result of regulatory changes. Although the Group strives to adapt its business model and products to all changes in regulatory requirements in the various countries it operates in, future regulatory changes may be too burdensome to comply with, which may result in that the Group ceases its operations. Regulatory changes may also result in that the Group's business model becomes unprofitable in a particular jurisdiction. Such developments could have a material adverse effect on the financial and market position of the Group.

The Group may fail to successfully manage the diverse sets of regulatory requirements it currently is subject to, particularly requirements under the EU Capital Requirements Directive (2013/36/EU) and the Capital Requirement Regulation (575/2013), and may face regulatory problems entering into new markets.

Business operations in a wide set of different jurisdictions with diverse statutory requirements necessitates careful management of the legal and regulatory challenges in many fields, including but not limited to: (i) license requirements, (ii) maximum interest rate regulations, (iii) distance contracts regulations, (iv) consumer protection legislation, and (v) capital adequacy regulations. These diverse legal frameworks implicate various legal and regulatory risks, including but not limited to the risks of market entry in new jurisdictions. The legal requirements for launching the Group's business in new jurisdictions vary significantly with some jurisdictions having no registration/license requirements and others requiring various licenses (*e.g.*, a banking license specific to that jurisdiction). Entering new jurisdictions implicates challenging legal requirements on a local level. Failure to comply with local legal requirements may have a material adverse effect on the Group's business, reputational standing, financial condition and results of operations. In addition, the diversification of the Group and entry into new markets and jurisdictions also increases its legal costs and continued compliance costs with local laws and regulations.

The Company is subject to capital adequacy regulations, which aim to put in place a comprehensive and risk-sensitive legal framework and to ensure enhanced risk management among financial institutions. The Company must at all times reach the capital requirements in accordance with the EU Capital Requirements Directive 2013/36/EU ("**CRD IV**") and the Capital Requirements Regulation (EU) No 575/2013 ("**CRR**"). CRD IV and CRR have imposed significant changes for financial institutions in terms of minimum capital requirements and capital buffers.

These capital requirements could force the Company to issue additional capital, which may be unavailable to the Company in the future or unavailable at an attractive rate or within the timeframe necessary in order to ensure compliance with such requirements. Failure to comply could lead to administrative sanctions by the SFSA, which may also have a material adverse effect on the Group's ability to conduct its business and in turn its financial condition and results of operations.

The Company may become subject to bail-ins, resolutions or other actions under the Resolution Act which may have a negative effect on the shareholders and the creditors of the Company.

The Company may in the future become subject to risks related to the Resolution Act (Sw. *lag (2015:1016) om resolution*) which entered into force on 1 February 2016. The Resolution Act is an implementation of the EU's Bank Recovery and Resolution directive (2014/59/EU) and aims to halt public bailouts and introduce so-called bail-ins as a crisis management tool.

Bail-ins require creditors of a distressed institution to accept some losses in order to save the relevant institution; non-secured credits may be written down by the relevant authorities or converted into shares in the relevant institution. Hence, a bail-in may result in a dilution of the existing shareholders, an annulment of all or part of the shareholding (without any compensation) and that claims from creditors may be written down, which may in turn affect the financing costs of the Company. The new regulation on bail-ins and resolutions or any future unfavourable regulatory developments could have a material adverse effect on the shareholders of the Company and on the Group's business, financial condition and results of operations.

Changes to the Swedish Deposit Protection Program, or a decision resulting in the savings deposit accounts with the Company no longer being covered by the Swedish Deposit Protection Program, may have a negative effect on the Group.

The Swedish Deposit Protection Program is a Swedish state-provided guarantee of deposits in all types of accounts in banks, securities companies and certain other financial institutions. The Swedish Deposit Protection Program guarantees the customers' deposits in the event the Company is declared bankrupt or if the SFSA determines that the Swedish Deposit Protection Program should be activated in a given situation. The Swedish Deposit Protection Program is administered by the Swedish National Debt Office.

If activated, the insurance guarantees each customer compensation amounting to the value of the total funds in his or her account(s) with the Company, plus accrued interest, until the time of the bankruptcy or the SFSA's activation decision. The maximum compensation is currently a SEK amount corresponding to EUR 100,000. As at the date of this Prospectus, only very few customer deposits of the Group exceed EUR 100,000 and the average customer deposit was approximately EUR 27,000 as at 31 March 2016. There is however a risk that regulatory changes which decrease the maximum compensation amount or repeal the Swedish Deposit Protection Program are implemented, which could have a negative effect on the amount of customer savings deposit accounts with the Company. Such changes could also lead to an increase in withdrawals from accounts currently held with the Company. This could have a material adverse effect on the Group's business, financial condition and results of operations.

Changes in laws on legally permissible interest rates may have a negative effect on the Group.

The Group is currently subject to regulatory caps on interest rates in Finland and Poland. Legislation in these jurisdictions limits the amount of interest that may be charged for certain financial products. Should such regulatory requirements increase or should new requirements be introduced in other jurisdictions in which the Group operates, the Group may have to alter the terms upon which it offers some or all of its financial products. Such changes could lead to decreased profitability and could ultimately have a material adverse effect on the Group's business, financial condition and results of operations.

Changes in laws on data protection may have a negative effect on the Group's marketing.

The Group's method for processing personal data is governed by laws on personal data protection. The Group's business is subject to, inter alia, the Swedish Personal Data Act (Sw. *personuppgiftslag (1998:204)*) (the "**Swedish Personal Data Act**"). The authority supervising the processing of personal data in Sweden is the Swedish Data Protection Authority (Sw. *Datainspektionen*) (the "**DPA**"). The Swedish Personal Data Act contains regulations relating to the processing of personal data through, *inter alia*, the collection, registration, storage and disclosure thereof, as well as the conditions under which processing of personal data is allowed. According to the Swedish Personal Data Act, the Group must ensure, among other things: (i) that personal data is processed only if it is lawful to do so; (ii) that it is processed in a proper manner and in accordance with good practice; (iii) that it is gathered only for specific, explicitly stated and legitimate purposes; (iv) that it is not processed for any purpose that is incompatible with those for which the data was gathered; and (v) that the data is adequate and relevant to the purpose of the processing.

The DPA has the right of access to the personal data processed as well as information about and documentation of the processing, and is also empowered to enter the Company's premises which are connected with the processing. If the DPA cannot obtain sufficient information to establish that the processing is lawful, it may prohibit the controller from processing personal data in any manner other than storage of such data or assess a fine against the controller, should it continue any other processing activities. The DPA can also limit processing activities or levy fines if, following an unlawful instance of personal data processing, the DPA determines that it is not possible to effect rectification in any other way or if the matter is of an urgent, ongoing nature. Such requirements and potential administrative actions or fines administered by the DPA could lead to unexpected costs and increased administrative burden for the Group.

Additionally, if the Group's right to market its products through direct advertising would be limited due to changes in relevant regulations, *e.g.*, by limiting the possibility to use gathered personal data for marketing purposes, the Group may need to rely on other, less effective, marketing methods. This could have a material adverse effect on the Group's business, financial condition and results of operations.

On 14 April 2016, the European Parliament approved the final version of a new reform of data protection rules, establishing a harmonised data protection framework across the EU. The Data Protection Regulation will become effective in 2018 and will replace the Swedish Personal Data Act. The Data Protection Regulation will imply stricter rules for the Group, both as controller and processor of data. The protection of the data subjects will be strengthened through, *inter alia,* more stringent requirements for the Group's information about and documentation of the processing. Under the new regulation the Group must, *inter alia*, maintain a record of processing activities under its responsibility. If the Group fail to successfully adapt to the rules when the Data Protection Regulation has entered into force, the Group could risk administrative fines for infringement of the regulation of up to EUR 20 million, or up to 4% of the Group's total global turnover of the preceding financial year, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may fail to comply with the regulation on measures against money laundering and terrorist financing.

The Company's business is subject to the Swedish Money Laundering and Terrorist Financing (Prevention) Act (Sw. *lag (2009:62) om åtgärder mot penningtvätt och finansiering av terrorism*) as well as general guidelines adopted by the SFSA. The requirements are detailed and demand substantial resources, internal routines and guidelines. During the last decade, the SFSA has intensified its monitoring of financial institutions, which has led to a number of administrative sanctions for such institutions. Furthermore, the legal framework has been revised and is constantly subject to discussions on an international level. It is possible that new or amended requirements would require the Company to further adapt its practices and procedures. The Company has adopted comprehensive internal guidelines and routines related to, *inter alia,* customer due diligence and implemented monitoring and reporting procedures in order to comply with the regulation. While the Group takes comprehensive measures to comply with the legal framework and specific local regulatory requirements of each jurisdiction regarding measures to prevent money laundering, it is possible that local courts, regulatory agencies and financial supervisory authorities, including the Company's home country supervisory authority, the SFSA, could issue new regulations or interpretations in the future or find the Group's measures to be inadequate or in violation of local or EU-wide legal requirements. Administrative sanctions by the SFSA or other regulatory authorities would cause significant reputational risk, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Company may fail to comply with regulations it is subject to and such failures could materially impact its operations and strategy.

The Group operates in several countries under the Company's banking license issued in January 2012 by the SFSA, namely Sweden, Finland, Norway, Denmark, Estonia, Latvia and Poland. This banking license is required or may be required to conduct business in a number of existing and potential future markets. The Company's banking license also provides the Group with reputational benefits and increased levels of consumer confidence, access to pertinent databases to further enhance the Group's current scoring models and funding options linked to the ability to accept deposits (insured by the Swedish Deposit Protection Program) to support profit growth. However, under Swedish law, the banking license may be revoked or restricted by the SFSA for a variety of reasons including, but not limited to, the Group's non-compliance with existing or new regulatory requirements. Such a restriction or revocation of the banking license would require the Group to adhere to existing or to implement new measures to comply with regulatory requirements issued by the SFSA.

These factors and other factors could impair the Group's swift entry into new European markets and/or result in operational delays that could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's internal scoring system to make consumer credit checks may be considered insufficient to meet the requirements under the Swedish Consumer Credit Act.

The Swedish Consumer Agency examines the credit approval process of instant loan companies, banks, payment institutions and credit market companies. On 18 January 2016, the Administrative Court in Karlstad, Sweden, announced three judgments (the Company is not involved in any of these cases) concerning appeals against sanction decisions by the Swedish Consumer Agency. The Swedish Consumer Agency had in all three cases remarked on the lack of credit checks in consumer credit agreements. One of the cases concerns Hennes & Mauritz Sverige AB, who offers their online customers to purchase on credit terms. Hennes & Mauritz Sverige AB has appealed to the Administrative Court of Appeal in Gothenburg, Sweden, which has decided to grant a leave to appeal. The case has not yet been subject to judicial trial. The final outcome of the case will affect all companies that operate in the consumer credit industry, including the Company, in terms of how credit checks should be conducted. The general practice in the sector, which is based on internal scoring systems combined with information obtained from external credit agencies, may be considered insufficient to meet the requirements of the Swedish Consumer Credit Act

(Sw. *konsumentkreditlagen (2010: 1846)*). This suggest that creditors may in the future be required to present data collected directly from consumers to meet the requirements imposed on credit checks, which may result in increased operating costs and to loss of customers due to a tedious loan procedure. This could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is subject to challenges by tax authorities and may not correctly apply all the various tax regimes it is subject to.

The Group's main tax risks are related to changes to or possible erroneous interpretations of tax legislation. Such changes or erroneous interpretations could lead to tax increases or other financial losses. Realisation of such risks may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group operates in seven countries with diverse sets of tax regimes, although the Company is principally subject to Swedish tax law, and is relying on intragroup services across several jurisdictions. Corporate income tax, value added tax, sales taxes and other taxes levied upon the Group's business are subject to change and can be increased, changed or completely restructured at any time. While the Group monitors tax changes consistently and has not faced any significant tax challenges or disputes with tax authorities in past years, changes to local tax regimes or challenges to the current tax structure of the Group could have a material adverse effect on the Group's business, financial condition, or results of operations.

The Group may from time to time be involved in disputes.

The Group may from time to time become involved in disputes within the framework of normal business operations and is exposed to risks associated with the potential for customers, suppliers, partners or other parties to take legal action against the Group. Major and complicated disputes can be costly, time- and resource-consuming and may disrupt normal business operations. The results of disputes could have a material adverse effect on the Group's business, financial condition and results of operations.

RISKS RELATED TO THE COMPANY'S SHARES AND THE OFFERING

There is a risk that an active and liquid market for the Company's shares will not develop and the price of the shares may be volatile.

Prior to the Offering, there has been no public market for the shares. There can be no assurances that the price in the Offering will correspond to the price at which the shares will be traded on the stock exchange after the Offering and that, following the listing, liquid trading in the shares will develop and become established. Investors may not be in a position to sell their shares quickly or at the market price if there is no active trading in the shares.

After the Offering, the price of the shares may be subject to considerable fluctuation. In particular, the price of the shares may be affected by supply and demand for the shares, fluctuations in actual or projected results, changes in earnings forecasts, failure to meet stock analysts' earnings expectations, changes in general economic conditions, changes in regulatory conditions and other factors. Moreover, the general volatility of share prices may create pressure on the share price even if there might be no reason for this in the Group's operations or earnings potential.

Future capitalisation measures could lead to a substantial dilution, i.e., a reduction in the value of the Company's shares and the control rights of existing shareholders' interests in the Group.

The Group may require additional capital in the future to finance its business operations and growth, especially to implement its medium-term strategy to expand into new markets. Both the raising of additional equity through the issuance of new shares and the potential exercise or conversion by, *inter alia*, the holders of convertible bonds or warrants, which may be issued in the future, may dilute shareholder interests. Additionally, the acquisition of other companies or investments in companies in exchange for newly issued shares of the Group, as well as the exercise of stock options by its employees in the context of future stock option programs could lead to such dilution.

The Group's ability to pay dividends in the future depends on several factors, including asset impairments.

If resolved by the general meeting, holders of shares will be entitled to receive future dividends. Swedish law limits the ability of the Board of Directors and the Company to propose and resolve on dividends to certain funds legally available for that purpose. The proposal of the Board of Directors as to whether, and in what amount, to distribute dividends in the future depends on a number of factors, including but not limited to the Group's results of operations, its financial and capital expenditure requirements, and the availability of distributable profits and reserves based on the statutory financial statements of the Company. If the Company does not have distributable funds available, no dividends may be paid. Further, no distributions may be made to the shareholders where the Company is insolvent or where the distributions would render the Company insolvent. These restrictions and any possible future restrictions in the Company's loans or bonds may further limit the distribution of dividends by the Company.

The Group reviews the recoverability and estimated remaining useful lives of its intangible assets and property plant and equipment on an annual basis. The Group also assesses the carrying amounts for possible impairment whenever circumstances indicate a potential impairment. The Group reviews its loan portfolio on an ongoing basis to assess whether there is any objective evidence of impairment. Potential changes in the regulatory, business, economic, or political environment may result in the need to make changes to past estimates, and to recognise accelerated depreciations, amortisations or impairment losses in intangible assets, property, plant and equipment and microloans. Although the recognition of impairments would result in a non-cash charge on the income statement, it could adversely affect the results of the Group's operations and its ability to pay dividends.

The Selling Shareholders may continue to exercise considerable influence over the Group and its operations and the interests of the Selling Shareholders may conflict with those of the Company's other shareholders.

Upon completion of the Offering, the shareholders of the Company at the date of this Prospectus (the "**Selling Shareholders**") will hold in the aggregate approximately 69.7% of all shares (assuming the Over-allotment Option is exercised in full). While the Selling Shareholders are not contractually bound to act together in the future, they will be in a position to exercise considerable influence over all matters requiring shareholder approval. These matters include the authorisation of any proposed capital increase and profit distribution, corporate mergers and sales involving all or nearly all of the Group's assets. It cannot be ruled out that the interests of the Selling Shareholders may conflict with the interests of other shareholders. This concentration of share ownership could delay, postpone or prevent a change of control in the Company, and impact mergers, consolidations, acquisitions or other forms of combinations, as well as distributions of profit, which may or may not be desired by other investors.

Any future sales of shares by TFB Holding or other Selling Shareholders of the Group could depress the market price of the shares.

Upon completion of the Offering, TFB Holding will hold approximately 46.93% of the Company's shares, assuming that the Over-allotment Option is exercised in full. While TFB Holding and the other Selling Shareholders have committed to a lock-up period until 180 days after the first day of trading on Nasdaq Stockholm, if TFB Holding after this lock-up ends or any of the Group's other existing or future shareholders were to sell substantial numbers of shares on the public exchange or if market participants were to become convinced that such sales might occur, this could have a significant adverse effect on the market price of the shares.

THE CORNERSTONE INVESTORS' COMMITMENT ARE NOT SECURED

Swedbank Robur Fonder, Erik Selin, through Erik Selin Fastigheter AB, and Lazard Asset Management (the "**Cornerstone Investors**") have agreed to acquire shares in the Offering, on mainly the same terms and conditions as other investors, at an amount of approximately SEK 99 million, approximately SEK 66 million and approximately SEK 29 million respectively. However, the Cornerstone Investors' undertakings are not secured through bank guarantees, blocked funds or pledging of collateral or any similar arrangement. Hence, there is a risk that the Cornerstone Investors will not be able to fulfil their undertakings. Furthermore, the Cornerstone Investors' undertakings are subject to certain conditions. In the event that any of these conditions are not fulfilled, there is a risk that the Cornerstone Investor may not fulfil their undertakings, which could have an adverse effect on the completion of the Offering.

INVITATION TO ACQUIRE SHARES

TF Bank and the Selling Shareholders have resolved to diversify the ownership in the Company through a sale of existing shares. In line therewith, the Board of Directors of TF Bank has applied for a listing of the Company's shares on Nasdaq Stockholm.

The Offering is divided into two parts: one offering to the general public in Sweden and one to institutional investors in Sweden and abroad. Investors are hereby offered to acquire 5,661,553 existing shares from the Selling Shareholders, representing approximately 26.3% of the total number of shares in the Company. In order to cover any possible oversubscription in connection with the Offering, the Selling Shareholders have, at the request of the Joint Bookrunners, undertaken to sell up to 849,126 additional shares in the Company under the Over-allotment Option (as defined in "*Terms and conditions*"), representing approximately 15% of the number of shares in the Offering, and up to approximately 3.9% of the total number of shares in the Company.

If the Over-allotment Option is exercised in full, the Offering will comprise up to 6,510,679 shares, corresponding to up to 30.3% of the total number of shares in the Company. If the Over-allotment Option is exercised in full, the Selling Shareholders will hold 69.7% of the total number of shares in the Company.

The price in the Offer has been set by the Selling Shareholders in consultation with the Joint Bookrunners to SEK 77 per share based on several facts, including discussions with certain institutional investors, a comparison with market price of other comparable listed companies, prevailing market conditions, the Company's historical, operational and financial performance and estimates of the Company's business potential and earnings prospects. The total value of the Offering, based on the price in the Offering, amounts to SEK 435,939,581 and SEK 501,322,283 if the Over-allotment Option is exercised in full.

Swedbank Robur Fonder, Erik Selin, through Erik Selin Fastigheter AB, and Lazard Asset Management have agreed to acquire, on mainly the same terms and conditions as other investors, a number of shares in the Offering equivalent to 6%, 4% and 1,75% respectively of the Company's shares following completion of the Offering. The commitments are subject to certain conditions.

The Company's transaction costs attributable to the Offering are expected to be approximately SEK 16 million. No shares or securities are being issued by TF Bank in connection with the Offering. The Company will not receive any proceeds from the sale of shares by the Selling Shareholders.

[1] *Active customers are defined as customers that have made at least one transaction during the last two years or customers that have been granted credit during the last two years. An active user profile is defined as all active customers and those who have applied for credit during the last two years.*

BACKGROUND AND REASONS FOR THE OFFERING

TF Bank is an online-based niche bank offering consumer banking services through a highly automated, in house developed, IT platform. The Company's IT platform is designed for scalability and adaptability to different products, jurisdictions, currencies and digital banking solutions. TF Bank conducts banking operations with deposits and lending to retail customers in Sweden and Finland, lending to retail customers in Norway and Poland as well as cross-border lending in Denmark, Estonia and Latvia.

As at 31 March 2016, TF Bank had an outstanding loan portfolio of SEK 2,012 million. TF Bank has grown its total operating income from SEK 272 million in 2012 to SEK 388 million in 2015, corresponding to a compounded annual growth rate of 13%. As at 31 March 2016, the Group had a total of 1.1 million active customers in its two segments and a combined 1.7 millions of active user profiles for scoring in its database.[1]

The Group has during the last 20 years expanded geographically from its headquarters in Borås, Sweden, and now also operates with local offices in Norway, Finland, Estonia and Poland. Since its incorporation, TF Bank has had a strong track-record of profitable growth.

TF Bank's Board of Directors and the Selling Shareholders believe that this is an appropriate time to enhance TF Bank's profile by listing the Company's shares on Nasdaq Stockholm. The Company's Board of Directors and Senior Management believe that the listing of the Company's shares will further increase awareness of the Company's business and activities, strengthen TF Bank's profile with investors, customers and business partners and increase the ability to attract and retain qualified employees and key management. The Offering will broaden TF Bank's shareholder base and provide TF Bank with the opportunity to use the Swedish and international capital markets to diversify its funding sources. For these reasons, the Board of Directors has applied for listing of the Company's shares on Nasdaq Stockholm.

For further information, please refer to the description in this Prospectus, which has been prepared by the Board of Directors of TF Bank with regard to the application of listing of the Company's shares on Nasdaq Stockholm and the Offering made in connection thereto.

The Board of Directors is responsible for the content of this Prospectus. The Board of Directors, hereby declares that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is, to the best of the Board of Directors' knowledge, in accordance with the facts and nothing has been omitted that would affect its import.

Borås 1 June 2016

TF Bank AB (publ)

The Board of Directors

TERMS AND CONDITIONS

THE OFFERING

The Offering comprises a maximum of 5,661,553 existing shares from the Selling Shareholders and is divided into two parts:

- The Offering to the public in Sweden [1]
- The Offering to institutional investors in Sweden and abroad [2]

The outcome of the Offering will be published through a press release on or around 14 June 2016.

OVER-ALLOTMENT OPTION

The Offering may include an additional number of maximum 849,126 existing shares, corresponding to maximum 15.0% of the total number of shares in the Offering (the "**Over-allotment Option**"), based on the assumption that the Over-Allotment Option is exercised by the Joint Bookrunners to cover possible oversubscription of the Offering, see "*Legal considerations and supplementary information – Placing Agreement*".

ALLOTMENT OF SHARES

The allotment of shares for each part of the Offering will be based on demand. The allotment will be determined by the Company's Board of Directors and the Selling Shareholders in consultation with the Joint Bookrunners.

THE PRICE IN THE OFFERING

The price in the Offer has been set by the Selling Shareholders in consultation with the Joint Bookrunners to SEK 77 per share based on several facts, including discussions with certain institutional investors, a comparison with market price of other comparable listed companies, prevailing market conditions, the Company's historical, operational and financial performance and estimates of the Company's business potential and earnings prospects. No brokerage commission will be charged.

APPLICATION

The Offering to the public in Sweden

Applications from the general public for acquisition of shares should be made during the period 2 June – 10 June 2016 and relate to a minimum of 200 shares and a maximum of 14,000 shares [3] in even lots of 50 shares each. Applications can be made through Carnegie or Avanza. Application forms are available on TF Bank's website (www.tfbankgroup.com) and Carnegie's website (www.carnegie.se) or Avanzas website (www.avanza.se). The application must have been received by Carnegie and Avanza no later than 10 June 2016 by 17:00 CET.

Applications received late, as well as incomplete or incorrectly filled in application forms, may be discarded. No amendments or additions may be made to pre-printed text. Only one application per person may be made, and only the application that Carnegie registers first will be considered. Note that the application is binding. The Company and the Selling Shareholders, in consultation with the Joint Bookrunners, reserve the right to extend the application period. Such extension will be announced through a press release before the end of the application period. Applicants with a securities depository account with specific rules on securities transactions, such as endowment insurance, must check with the bank or institution managing the account, or providing insurance, if acquisitions of shares within the terms of the Offering is possible. Note that the application must be submitted via the bank or institution with the account.

Application via Carnegie

Applicants applying to acquire shares with Carnegie must have a securities account, service account or securities depository account with a Swedish securities institution of their choice or a securities depository account or Investment Savings Account with Carnegie. An Investment Savings Account in another bank than Carnegie can not be used. Applicants who do not have a securities account, service account or securities depository account with a securities institution of their choice or a securities depository account or Investment Savings Account with Carnegie, must open such an account prior to an application for shares is made. Note that it may take some time to open a securities account, service account, securities depository account or an Investment Savings Account. For customers with an Investment Savings Account, Carnegie will, if the application results in allotment, acquire the corresponding number of shares in the Offering and sell the shares to the customer at the price of the Offering. The application shall be made using the specific application form and handed in at one of Carnegie's offices in Sweden or sent by post to:

Carnegie Investment Bank AB (publ)
Transaction Support
Regeringsgatan 56
SE-103 38 Stockholm

Application via Avanza

Custody account holders and internet customers at Avanza can submit applications via Avanza's Internet service. Instructions are available on www.avanza.se. Applications via Avanza's internet service may be made commencing 2 June 2016 up to and including 10 June 2016.

[1] *The Offering to the public refers to an offer of shares to private individuals and legal entities who subscribe for a maximum of 14,000 shares.*
[2] *The Offering to institutional investors refers to an offer of shares to private individuals and legal entities who subscribe for more than 14,000 shares.*
[3] *Parties who wish to subscribe for more than 14,000 shares must contact Carnegie or ABG in accordance with what is set out in section "*- The institutional Offering".

The institutional Offering

Applications by institutional investors in Sweden and abroad should be made during the period 2 June – 13 June 2016. The Company and the Selling Shareholders reserve the right to shorten or extend the application period in the institutional Offering. Any such shortening or extension of the application period will be made public by the Company in a press release prior to the end of the application period. Applications from institutional investors in Sweden and abroad must be submitted in accordance with special instructions to Carnegie.

Employees of the Company

Employees of the Company who wish to acquire shares in the Offering must follow special instructions from the Company.

ALLOTMENT

Decision on allotment of shares is made by the Selling Shareholders after consultation with the Joint Bookrunners, whereby the goal will be to achieve a good institutional ownership base and a broad distribution of the shares among the public in Sweden, in order to facilitate a regular and liquid trading in the Company's shares on Nasdaq Stockholm. The allotment does not depend on when the application is submitted during the application period. Only one application per person will be considered.

The Offering to the public in Sweden

In the event of oversubscription, allotment may occur with a lower number of shares than the application concerns and allotment may in such case wholly or partly occur by random selection. Allotment to those persons receiving shares will occur, in the first place, so that a certain number of shares are allotted per application. In addition thereto, allotment takes place with a certain, the same for all, percentage share of the excess number of shares that the application concerns and will only take place in even lots of 50 shares. In addition, employees of the Company and certain related parties to the Company as well as customers of Carnegie and Avanza may be considered separately during allotment. Allotment may also be made to employees of the Joint Bookrunners, however, without them being prioritised. In such cases, the allotment takes place in accordance with the rules of the Swedish Securities Dealers Association and the Swedish Financial Supervisory Authoritys regulations.

The institutional Offering

Decision on the allotment of shares within the framework of the Offering to institutional investors in Sweden and abroad will, as mentioned above, be made with the aim of achieving a good institutional ownership base in the Company. Allotment among institutions that have submitted expressions of interest will be made on a wholly discretionary basis. The Cornerstone Investors are however guaranteed allotment in accordance with their respective undertakings.

Employees of the Company

Allotment to employees of the Company will be of shares corresponding to a value of maximum SEK 30,000 per employee. In addition, certain Senior Management and members of the Board of Directors may be allotted shares amounting to a higher value.

INFORMATION REGARDING ALLOTMENT AND SETTLEMENT

The Offering to the public in Sweden

Allotment is expected to take place on 14 June 2016. Shortly thereafter, a contract note will be sent to those that have received allotment in the Offering. Those persons who have not been allotted shares will not be notified.

Information on allotment for applications received by Carnegie

Information about allotment is also expected to be provided from 09.00 a.m. on 14 June 2016 for applications received by Carnegie via telephone +46 (0)8 588 69 480. To receive information regarding allotment the following information must be provided: name, personal identity number/ corporate registration number, securities account, service account, Investment Savings Account or securities depository account number with the bank or securities institution. Acquired and allotted shares shall be settled in cash in accordance with instructions on the contract note, on 16 June 2016 at the latest.

Information about allotment for applications submitted to Avanza

Those persons who have applied via Avanza receive notice of allotment through issuance of contract note at the assigned account, which is expected to take place on or around 14 June 2016. Acquired and allotted shares shall be paid in cash in accordance with instructions on the contract note.

Payment for shares allotted via Carnegie

Payment for allotted shares shall be made in accordance with instructions on the received contract note. Full payment for allotted shares shall be paid in cash via bankgiro 507-7409 on 16 June 2016 at the latest.

Payment for shares allotted via Avanza

Custody account customers at Avanza can be expected to have their allotted but not yet paid for shares available on their securities account on 14 June 2016. Funds for payment for allotted shares must be available on the securities account during the period commencing 17:00 CET on 10 June 2016 up to and including 23:59 CET on the settlement date, 16 June 2016.

Insufficient or incorrect payment

If sufficient funds are not available on the bank account, securities depository account or Investment Savings Account in the settlement day or if full payment is not made in due time, allotted shares may be transferred and sold to another party. The party who initially received allotment of shares in the Offering may bear the difference, should the selling price in the event of such a transfer be less than the price in the Offering.

The offer to institutional investors

Institutional investors are expected to receive information regarding allotment in a particular order on or about 14 June 2016, after which contract notes will be distributed. Full payment for allotted shares shall be paid in cash no later than on 16 June 2016. Note that if full payment is not made in due time, allotted shares may be transferred to another party. In the event of such a transfer the party who initially received allotment of shares in the Offering may bear the difference, should the selling price be less than the price in the Offering.

REGISTRATION AND RECOGNITION OF ALLOTTED AND PAID-UP SHARES

Registration with Euroclear Sweden AB ("**Euroclear Sweden**") of allotted and paid-up shares is expected to take place on or about 16 June 2016 for both institutional investors as well as the general public, after which Euroclear Sweden will distribute a notice stating the number of shares in the Company that have been registered in the recipient's securities account. Shareholders whose holdings are nominee-registered will be notified in accordance with the procedures of the respective nominee.

LISTING ON NASDAQ STOCKHOLM

The Board of Directors has applied for listing of the Company's shares on Nasdaq Stockholm. Nasdaq Stockholm's listing committee decided on 23 May 2016 to admit the Company to trading on Nasdaq Stockholm on customary terms and conditions including, that the distribution requirements in respect of the Company's shares are fulfilled. Trading is expected to begin on or around 14 June 2016. Paid-up shares will be transferred to the securities account, service account, securities deposit account or investment savings account, specified by the acquirer, following processing of the application by Carnegie or Avanza. The time that is required to transfer the payment and shares to such accounts as specified by the acquirer implies that the acquirer will not have such shares available in the specified securities account, service account or investment savings account until around 16 June 2016. In the event that shares are not available on the acquirer's securities account, service account or investment savings account prior to, on or about, 16 June 2016 it could mean that the acquirer cannot sell these shares on Nasdaq Stockholm on the day the trading in the share begins, *i.e.* around 14 June 2016, but at the earliest when the shares are available on the securities account, securities deposit account, service account or investment savings account, see below "*Important information regarding the possibility to sell allotted shares*". Moreover, trading will commence before the terms and conditions for the completion of the Offering have been fulfilled. Trading will be conditional on completion of the Offering and should the Offering not be completed, any shares supplied shall be returned and any payments cancelled. Trading which takes place on 14 June 2016 is expected to occur with delivery and settlement on 16 June 2016.

STABILISATION

In connection with the Offering, the Joint Bookrunners may carry out transactions on Nasdaq Stockholm with a view to stabilise the market price of the shares or maintain the price at a level that deviates from what would otherwise prevail in the market. See "*Legal considerations and supplementary information – Stabilisation*".

ANNOUNCEMENT OF THE OUTCOME OF THE OFFERING

The final outcome of the Offering will be announced through a press release that will be available on the Company's website, (www.tfbankgroup.com), around 14 June 2016.

RIGHT TO DIVIDEND

The shares carry a right to dividend for the first time on the record date for dividend that occurs immediately after completion of the Offering. Shareholders of TF Bank will be entitled to future dividends, including dividend resolved for the financial year 2016, and for all following periods provided that a decision on dividend is made. Payment will be administered by Euroclear Sweden or, for nominee-registered shareholdings, in accordance with the procedures of the individual nominee. Right to dividend accrues to persons registered as owners in the share register maintained by Euroclear Sweden on the record date determined by the general meeting. Regarding deduction for Swedish preliminary tax, see "*Tax considerations in Sweden*".

TERMS AND CONDITIONS FOR COMPLETION OF THE OFFERING

The Selling shareholders, the Company and the Joint Bookrunners intend to enter into an agreement on the placing of shares in the Company on or around 13 June 2016 (the "**Placing Agreement**"). For information regarding terms and conditions for completion of the Offering and the Placing Agreement, see "*Legal Considerations and supplementary information – Placing Agreement*".

IMPORTANT INFORMATION REGARDING THE POSSIBILITY TO SELL ALLOTTED SHARES

After payment has been received for allotted shares by Joint Bookrunners and Avanza, the shares duly paid for will be transferred to the securities depository account or securities account designated by the investor. Due to the time required for distribution of paid shares, transfer of funds and transfer of shares acquired to investors, the shares acquired will not be available for the investors on the securities depository account or securities account until on or about 16 June 2016.

Trading in the shares on Nasdaq Stockholm is expected to commence on 14 June 2016. The fact that the shares will not be available on the investor's securities depository account or securities account before, at the earliest, 16 June 2016, securities depository account or securities account, may result in the investor being unable to sell the allotted shares on Nasdaq Stockholm on the first day of trading. Instead they may only be able to sell the shares once they are available on the securities depository account or securities account. Investors can from 14 June 2016 receive information regarding the allocation. See also "*– Allotment – The offer to the general public*".

OTHER INFORMATION

The fact that Carnegie is acting as the Joint Bookrunners does not imply that Carnegie considers the person that has applied for shares in the Offering (the "**Acquirer**") as a client of the bank for the investment. For the investment the Acquirer is only regarded as a client of the bank if the bank has advised the Acquirer about the investment or has otherwise contacted the Acquirer individually about the investment or if the Acquirer has applied via the bank's office or Internet bank. The outcome of the bank not regarding the Acquirer as a client for the investment is that the rules for protecting investors under the securities market laws will not be applied to the investment. Among other things, this means that neither so called client classification nor so called suitability assessment will be applied to the placement. As a result, the Acquirer is responsible for having adequate experience and knowledge to understand the risks associated with an investment.

INFORMATION ABOUT HANDLING PERSONAL INFORMATION

Anyone acquiring shares in the Offering will submit information to Carnegie and Avanza. Personal information submitted to Carnegie and Avanza will be processed in data systems to the extent required to provide services and administer customer arrangements. Personal information obtained from sources other than the customer may also be processed. The personal information may also be processed in the data systems of companies or organisations with which Carnegie and Avanza cooperate. Information pertaining to the treatment of personal information can be obtained from Carnegie's and Avanza's offices, which also accept requests for the correction of personal information.

MARKET OVERVIEW

INTRODUCTION

TF Bank is active in the credit market of Sweden, Finland, Norway, Denmark, Estonia, Latvia and Poland. The Company operates through two segments, Direct to Consumer and Sales Finance. Within the Direct to Consumer segment, the Group offers unsecured consumer loans of generally up to SEK 45,000-300,000 depending on the market. The Direct to Consumer loans are marketed directly to consumers through unsecured consumer loans or credit cards. In the Sales Finance segment, the Group provides merchants with sales finance solutions that facilitate their customers to afford the purchase of goods via invoice or instalment payment systems. In addition, the Group also offers savings accounts to consumers in Sweden and Finland.

TF Bank's customer varies depending on geography, but the average customers are middle-aged, employed individuals with low to middle income wages in need of financial solutions for consumptions. In general, the demand for the Company's products is driven by consumers' need to bridge short to medium term financial needs over time, in particular for home improvement, home appliances, car repairs or travel expenses. Instead of having to save before making a purchase, TF Bank's financial solutions enable its customers to purchase the good first and pay later.

THE DIRECT TO CONSUMER MARKET

In the Direct to Consumer market, the Group provides unsecured consumers loans and credit cards. The majority of the Group's customers today apply for loans online, in many cases using a computer or a mobile device or, alternatively, via telephone or paper application submitted to TF Bank's customer service representatives. The adoption of online and mobile banking has in recent years changed the way customers borrow money. This development is part of the rapid growth of the Internet and online services which began in the late 1990s and further developed as payment solutions companies and short-term credit lenders entered the market during and as a result of the financial crisis in 2008 and 2009. It was subsequently accelerated when several large, traditional banking institutions were forced to reduce the amount of credit available to consumers or withdrew from certain markets. In the view of the Company, the widespread acceptance of online banking solutions and the convenience of applying for a loan online is also an important factor for consumers and contributor to this growth.

Through its Direct to Consumer segment, TF Bank currently offers unsecured loans and financial products directly to consumers in Sweden, Finland, Norway, Estonia and Poland. Through the acquisition of the Norwegian financial institution BB Finans in July 2015, the Group acquired a credit card business which is used to offer credit cards to consumer in Norway.

The Nordic Markets – Sweden, Finland and Norway

The consumer credits in the Group's Nordic markets increased steadily over the last several years and grown faster than the countries' total GDP growth. The table below sets forth the outstanding consumer credit for the years ended 31 December 2010 until 31 December 2015 (consumer credit encompasses loans granted primarily for purposes of personal consumption of goods and services, generally without collateral). Between 2011 and 2015, the Swedish, Norwegian and Finnish markets for consumer credit grew by an average annual rate ("**CAGR**") of 2.7%, 3.2% and 3.0% respectively.

TF Bank focuses on a market niche with smaller ticket sizes, while competitors typically offer a wider range of ticket sizes. Although there is no exact definition of the unsecured credit market niche that TF Bank operates in, the Company believes that the figures below provide a meaningful proxy for the development of its market.

	CAGR	As at 31 December				
	2011-2015	2015	2014	2013	2012	2011
Sweden (in SEK billion) [1]	2.7 %	180.6	178.5	173.1	166.5	162.6
Norway (in NOK billion) [2]	3.2 %	66.4	65.1	62.9	58.7	58.6
Finland (in EUR billion) [3]	3.0 %	8.0	7.5	7.3	7.4	7.1

[1] Source: *Statistics Sweden, Financial Market Statistics, December 2015. Includes consumer credits for households and non-financial institutions.*

[2] Source: *Statistics Norway, Financial companies, balances, December 2015. Includes overdraft, working capital facility and consumer credit loans for banks and finance companies to households.*

[3] Source: *Bank of Finland, Balance statistics for monetary financial institutes, December 2015 Includes Finnish MFI`s consumer loans to Finnish households.*

This growth has been driven by a number of important factors, including a favourable macro-environment, with increasing GDP outputs, increasing household incomes and stable unemployment rates. See below for the macroeconomical development the last few years in Sweden, Norway and Finland.

	Real GDP growth (2011-2015)	Household income growth (2011-2014)	Average unemployment rate (2011-2015)
Sweden[1]	1.5%	3.2%	7.9%
Norway[2]	1.6%	5.4%	3.5%
Finland[3]	(0.6%)	2.7%	8.4%

[1] Source: *IMF, World Economic Outlook, October 2015.*
[2] Source: *Eurostat, March 2016.*
[3] Source: *IMF, World Economic Outlook, October 2015.*

Furthermore, the Swedish market for consumer credits is a market with large amount of publicly available credit information, high penetration of loan brokers and is largely driven by increasing average loan sizes. Finland has a high degree of online based loan applications and is largely driven by increasing loan sizes and an increasing degree of loans originated through loan brokers. In Norway the average loan sizes are larger than in the other Nordic countries. Most of the loans in Norway are distributed through loan brokers and the market is largely driven by increasing loan sizes and a movement from credit cards to consumer loans.

EASTERN EUROPE

TF Bank operates its Direct to Consumer segment in Estonia since 2006 and in Poland since 2012. Estonia is a market with similar characteristics as the Nordic markets, with high internet penetration and large amount of public data available. Compared to the Nordic countries Poland is the most different market, partly due to the less frequent usage of internet. TF Bank has concentrated its focus in the Polish market on credit intermediaries and sources consumer loans via physical retail agents/intermediaries. Physical intermediaries are private entities having their own points of sales (agent outlets) and selling a variety of financial products of several providers. Banks and other financial institutes are connected to the intermediaries' IT systems to offer loans to customers visiting the physical agent outlets.

The Estonian, Polish and Latvian markets all show robust macroeconomic characteristics, as sets forth in the table below.

	Real GDP growth (2011-2015)	Household income growth (2011-2014)	Average unemployment rate (2011-2015)
Estland[1]	1.9%	10.3%	9.0%
Polen[2]	8.5%	3.7%	9.3%
Lettland[3]	3.4%	7.3%	12.9%

[1] Source: *IMF, World Economic Outlook, October 2015.*
[2] Source: *Eurostat, March 2016. Local currency.*
[3] Source: *IMF, World Economic Outlook, October 2015.*

Credit cards

Through the acquisition of the Norwegian financial institution BB Finans in July 2015, the Group gained access to technology and licenses to offer credit cards to consumers. The credit card industry is currently undergoing changes worldwide and has recently been subject of planned EU legislation to set fee caps and implement other restrictions that should provide more protection for consumers and retailers that utilise credit card products and services.

In Northern Europe credit cards are well established. For example, 255,000 debit and credit cards were issued in Sweden during 2015, of which approximately 216,000 were issued by banks and 39,000 by other licensed credit card issuers. (Source: *SCB Statistics Sweden, Financial market statistics, December 2015*).

OUTSTANDING CONSUMER CREDITS – EASTERN EUROPE

	CAGR 2011-2015	As at 31 December 2015	2014	2013	2012	2011
Estonia (in EUR billion) [1]	8.5%	0.43	0.35	0.33	0.32	0.31
Poland (in PLN billion) [2]	2.5%	153	144	138	132	139
Latvia (in EUR billion) [3]	14.3%	1.8	1.6	1.6	1.1	1.0

[1] Source: *Bank of Estonia, April 2016. Includes Consumer credit loans granted to households without collateral.*
[2] Source: *Bank of Poland, April 2016. Includes Consumer loans to individuals.*
[3] Source: *Financial and Capital Market Commission, April 2016. Includes unsecured loans.*

THE SALES FINANCE MARKET

In the Sales Finance market, the Group operates in the Nordic countries of Sweden, Finland, Norway and Denmark and in Estonia, Latvia and Poland. Since a vast majority of the Company's merchants are online retailers, the demand for the Company's financing solutions is to a large extent driven by the size and the development of the e-commerce market in each respective country.

The e-commerce sales finance market allows customers to purchase goods from merchants with intermediaries, such as TF Bank and other sales finance providers. As a result, the customer receives purchased goods from the merchant and the merchant receives payment from the sales finance provider without delay. The customer's payment obligations are transferred from the merchant to the sales finance provider on alternate payment terms such as instalments, allowing the provider to collect fees and interest in exchange for the customer's debt to the merchant is paid back during a longer period of time.

The online shopping in the Nordics continues to expand during 2015 and amounted EUR 17.1 billion compared to EUR 11.1 billion 2014. Approximately 12.4 million individuals in the Nordics shopped online every quarter during 2015 which corresponds to 75% of the population between 18-79 years (Source: *PostNord, E-commerce in the Nordics 2015*). Sweden contributed with the greatest part of the Nordic e-commerce and grew by 17% in the meantime as Norway presented all time high e-commerce spending per capita during 2015.

GEOGRAPHIC DIFFERENCES IN TARGET COUNTRIES

The Group's sales finance business in the Northern European countries primarily focuses on products offered to end consumers through e-commerce merchants. E-commerce is an accepted and growing feature of everyday life in Nordic countries, although the level of online shopping varies by country. For example, 37% of the people in Sweden shop online at least once a month, versus 18% in Finland, 39% in Norway and 40% in Denmark (Source: *PostNord E-commerce in the Nordics 2015, E-commerce in Europe 2015*).

The most preferred method of payment for online purchases in Sweden, Denmark, Norway and Finland is by debit or credit card, with invoice payment being the second most preferred payment method (and nearly as preferred as debit or credit cards in Sweden and Finland). Other, less popular forms of online payment include direct bank transfers, payment through other processers, such as PayPal Inc., or other alternative payment methods. The most preferred method of payment for online purchases in Poland is by bank transfer followed by cash on delivery (Source: *PostNord, E-commerce in Europe 2015*).

The internet penetration and the ratio of the population with internet access compared to those who purchased products online in 2014 comprises a large percentage of the total population in the Nordics (Source: *PostNord, E-commerce in the Nordics 2015*). The internet penetration and ratio of the population with internet access are lower in Poland compared to the Nordics (Source: *PostNord, E-commerce Europe 2015*).

INTERNET PENETRATION

	People (aged 18-79)	People with Internet access		People that purchased products online in 2015	
	(in millions)	*(in millions)*	*(in % of population)*	*(in millions)*	*(in % of population)*
Sweden[1]	7.3	6.9	95%	6.4	87%
Norway[1]	3.8	3.7	97%	3.2	85%
Denmark[1]	4.3	4.1	97%	3.8	88%
Finland[1]	4.1	4.0	97%	3.2	79%
Poland[2]	30.8	20.6	67%	18.5	60%

[1] Source: *Postnord, E-commerce in the Nordic countries 2015. Including population between 18-79 years.*
[2] Source: *Postnord, E-commerce in Europe 2015. Including population between 18-79 years.*

SAVINGS ACCOUNTS

TF Bank takes deposits from customers in Sweden in SEK and in Finland in EUR. In both countries, recent years have shown strong growth in the overall amounts of deposits. The table below sets forth an overview of the growth in deposit volumes in Sweden and Finland:

	As at 31 December 2015	As at 31 December 2014	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
Sweden (in SEK billion) [1]	1,586	1,452	1,375	1,300	1,199
Finland (in EUR billion) [2]	148.1	144.8	141.9	135.1	126.7

[1] Source: *Statistics Sweden, Financial Market Statistics, December 2015.*

[2] Source: *Bank of Finland: Finnish MFIs' Euro-denominated deposits, Database 2015; includes deposits by households, non-financial and financial corporations and government deposits.*

All deposits the Group accepts are guaranteed by the Swedish Deposit Protection Program which guarantees deposits up to a SEK amount corresponding to EUR 100,000. The limit was raised to EUR 100,000 at the end of 2010 as a result of the 2008 and 2009 financial crisis. This increase resulted in an increased deposit volume that was transferred from larger universal banks to other deposit institutions, including smaller banks such as TF Bank, since customers started to seek opportunities for more attractive returns on their savings.

COMPETITION

The consumer credit market is fragmented with many new suppliers having entered in the last few years. Competition has increased steadily as alternative finance products have become established as reliable sources of consumer financing. Several market participants have increased average ticket sizes in recent years in search of volumes, but TF Bank focuses on a market niche below the most competitive market spaces.

In the Direct to Consumer market in the Nordic countries, a number of companies currently offer consumer loans. Competitors differ in terms of country and customer profile. The Swedish high street banks are active in certain segments (in general significantly larger average loan size than TF Bank) and, in certain segments; competitors mainly consist of other banks and financial institutions, such as Marginalen Bank, Nordax Bank, Resurs Bank, Norwegian Bank and Santander Consumer Finance (these banks offer in general a larger range of ticket sizes and have larger average loan size).

In Poland, TF Bank competes with banks such as Alior Bank, Bank BPH, Plus Bank and Bank Smart (in general larger average loan size than TF Bank). In Estonia, TF Bank competes primarily with Swedbank and Bigbank (in general larger average loan size than TF Bank).

In the sales finance market, there are a number of players delivering invoice and instalment solutions in the Nordic markets. Certain competitors focus primarily on e-commerce, as TF Bank, for example Klarna, Arvato Finance, Collector and Svea Ekonomi.

The Swedish and Norwegian credit card markets include a large number of banks and credit companies that issue cards, in the form of either debit and/or credit cards. The largest four Swedish banks are the largest issuers of debit and credit cards in the Swedish market. In addition, EnterCard Sverige, Resurs Bank and IKANO Bank are major credit card issuers.

The Swedish and Finnish deposit market includes a large number of banks, credit institutions and deposit institutions offering deposit accounts, either with or without the Swedish Deposit Protection Program. Financial institutions manage inflows and outflows of retail deposits by adjusting interest rates and by launching new deposit products. Small changes in interest rates can affect the competitiveness of deposit products as compared to the deposit products of other financial institutions. Competitors in the Swedish retail deposit market include, among others, the four large banks, and other banks and niche players such as Nordnet, Santander Consumer Bank, Collector and HoistSpar.

MARKET TRENDS

The Company believes there are a number of market trends that are currently driving growth and changes to its markets, including:

- ***Changed credit behaviour with credit needs in new sectors:*** The consumer credit market has undergone considerable development in recent years and currently represents an increasing part of people's day-to-day finances. Through Internet usage, the availability of consumer credit has increased and been simplified. This has also entailed the need for consumer credit shifting to new sectors, such as in the travel sector where credit penetration was previously low.
- ***Increasing importance of brokers:*** Loan brokers, such as Lendo and Freedom Finance, are becoming more important customer acquisition channels for many consumer loans providers. Through their sites consumers can apply and receive quotes from multiple credit providers. This increased transparency has a clear value-add to consumers, which have consequently led to many consumers opting to benchmark their offers before choosing a credit provider. The Company believes loan brokers have contributed to the growth of the consumer credit market and of smaller credit providers, such as TF Bank, as well as increased competition and increased customer acquisition costs.
- ***Increasing online and mobile usage:*** The need for physical bank branches and traditional banking operations is decreasing. In today's society, bank customers increasingly want to be able to save, borrow and pay online and via mobile devices. This requires considerable product development and efficiency enhancement among the banking and financial market players. The Company believes this has and will continue to benefit small and agile credit providers, such as TF Bank, that have established their business based on modern IT systems and a single IT platform.
- ***Growth in e-commerce:*** TF Bank believes that the proportion of consumers having made purchases through internet using their phone or tablet increased strongly in the last several years in the markets in which TF Bank operates. As a result, the need for easy and flexible payment solutions is also increasing. Internet-focused payment solutions companies have experienced high growth in recent years and this trend is expected to continue.
- ***The SFSA has tightened capital requirements:*** The current total capital requirement is 11.0% including a capital conservation buffer of 2.5% and an institute specific countercyclical capital buffer, which for TF Bank amounted to 0.5% at the end of 2015. In accordance with the SFSA memorandum on capital requirements for Swedish banks in September 2014, the calculation of the countercyclical capital buffer is based on the Swedish and Norwegian buffer rate of 1%. The buffer rate will increase to 1.5% in June 2016 for both Sweden and Norway. The principal aim of the increased capital requirements is to reduce the systemic risks in the banking system with a focus on the large systemically important banks. Increased capital requirements and higher risk weights have reduced the lending capacity of the larger banks, and raised the entry barrier for the market as a whole, while providing business and growth opportunities for specialised lenders such as TF Bank.

BUSINESS DESCRIPTION

The financial information in the following section has been derived from TF Bank's audited accounts accordance with IFRS 2012-2015 (audited by PricewaterhouseCoopers AB, as set forth in their audit report included elsewhere in this Prospectus) and accounts prepared in accordance with IFRS the three months period ended on 31 March 2016 (reviewed by PricewaterhouseCoopers AB as set forth in their review report included elsewhere in this Prospectus).

INTRODUCTION

TF Bank is an online-based niche bank offering consumer banking services through a highly automated, in house developed, IT platform. The Company's IT platform is designed for scalability and adaptability to different products, jurisdictions, currencies and digital banking solutions. TF Bank conducts banking operations with deposits and lending to retail customers in Sweden and Finland, lending to retail customers in Norway and Poland as well as cross-border lending in Denmark, Estonia and Latvia. As at 31 March 2016, TF Bank had an outstanding loan portfolio of SEK 2,012 million. TF Bank has grown its total operating income from SEK 272 million in 2012 to SEK 388 million in 2015, corresponding to a compounded annual growth rate of 13%. As at 31 March 2016, the Group had a total of 1.1 million active customers in its two segments and a combined 1.7 millions of active user profiles for scoring in its database[1].

The Group has during the last 20 years expanded geographically from its headquarters in Borås, Sweden, and now also operates with local offices in Norway, Finland, Estonia and Poland. Since its incorporation, TF Bank has had a strong track-record of profitable growth.

The Group operates through two complementary business segments which both utilise the Group's IT platform and credit scoring models and also have strong cross-selling opportunities:

- ***Direct to Consumer:*** In the Direct to Consumer segment, the Group offers unsecured financing to credit worthy consumers up to SEK 45,000–300,000, depending on geography, with duration of up to one to ten years. The loans are in general used for short term financing needs. In the LTM Period ended 31 March 2016, the Direct to Consumer segment contributed 84% or SEK 330 million to the Group's overall operating income. As at 31 March 2016, the Group had SEK 1,629 million in unsecured loans outstanding in this segment, 81% of the loan book, with an average loan value per customer of SEK 21,000 as at 31 December 2015 and an average length per loan on book of approximately 18 months.
- ***Sales Finance:*** In the Sales Finance segment, the Group offers online payment solutions, invoice and instalment payments, for merchants (e-commerce and retail). In the LTM Period ended 31 March 2016, the Sales Finance segment contributed 16% or SEK 65 million to the Group's overall operating income. As at 31 March 2016, the Group had SEK 383 million in loans outstanding to end customers, 19% of the loan book. As at 31 December 2015, the average loan amount per outstanding loan was approximately SEK 1,500 and an average length per loan, depending on the country, of nine months. In this segment, TF Bank runs a joint venture, Avarda, with Intrum Justitia. Intrum Justitia is one of the leading credit management services companies in Europe and has approximately 3,800 employees and is present in 20 European countries. Intrum Justitia's shares are listed on Nasdaq Stockholm, large cap. Avarda has its own sales organisation and will focus its efforts on the Nordic markets.

HISTORY

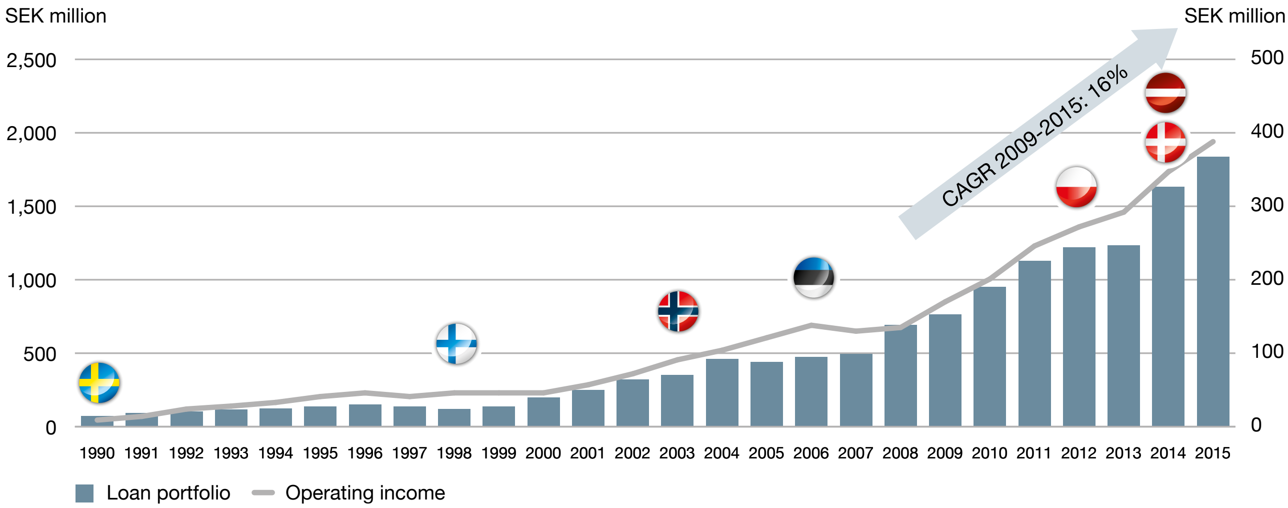
The Company was incorporated in Sweden in 1987 for the purpose of offering consumer finance solutions to customers ordering goods from mail order catalogues. Over time, the Group has grown in terms of revenue, geographic presence and product offering. Today, the Group maintains a focused and profitable niche position in the consumer finance market and offers consumer credits to individuals through the in-house developed IT platform.

The following is a description of the major milestones in the Group's history.

- The core of the Group's business was established in the 1980s under the name Aktiebolaget Time Finans and operated during the 1990s and 2000s primarily under the trade names of Time Finans and Halens Finans. Until the late 1990s, the Group remained focused on the Swedish market and on mail order catalogue financing.
- As part of its strategy to diversify its business geographically, the Group expanded its operations into Finland (1998), Norway (2003) and Estonia (2006).
- In 2007, the Group, under new ownership, accelerated its focus on online lending as well as e-commerce finance solutions. In 2008, the Company changed its management.

[1] *Active customers are defined as customers that have made at least one transaction during the last two years or customers that have been granted credit during the last two years. An active user profile is defined as all active customers and those who have applied for credit during the last two years.*

LOAN PORTFOLIO AND OPERATING INCOME



Note: The financial information above is derived from audited accounts according to IFRS 2012-2015 and Swedish accounting policy 1990-2011.

- In 2012, the Company again changed its name to TF Bank AB and was granted a banking license from the SFSA. It also used its cross-border license to start activities in Poland. During October 2012, the Company started to accept deposits in Finland and thereby allowing deposits in Euro.
- In 2014, the Group acquired the sales finance business and related loan portfolio from a long-time co-operation partner in the mail order business, Consortio Fashion Group (with the main business Cellbes and Halens). The acquisition meant that the Group expanded into the sales finance market and established the segment Sales Finance, and enabled the availability to a large customer database and credit history. Furthermore, the Group used its cross-border license to start activities in Latvia and Denmark.
- In 2014, the Group established a branch in Finland. The purpose with the branch was to establish a physical local organisation and be closer to the market and its customers.
- At the end of 2014, the Group expanded its online sales financing operations by establishing Avarda, a joint venture with Intrum Justitia which launched its initial operations in March 2015.
- In 2015, the Group established a branch in Poland. The purpose with the branch was to establish a physical local organisation and be closer to the market and its customers.
- In July 2015, the Group acquired the Norwegian financial institute BB Finans, a consumer loan specialist company based in Norway through which the Group acquired experienced local personnel and technology as well as license to issue credit cards thus gaining better access to the Norwegian consumer finance market.

KEY STRENGTHS

TF Bank believes that it possesses a number of important strengths that allows it to provide a competitive offering to customers and partners alike. In particular, TF Bank believes that it benefits from the following key strengths:

Fast-growing Northern European niche bank

TF Bank is a Northern European niche bank that offers a range of unsecured financing solutions, including consumer loans and sales finance solutions. Since 2013, TF Bank has grown its loan book and adjusted net profits by a compounded annual growth rate (“**CAGR**”) of 22.0% and 9.6% respectively. The business model is online based, with nearly 80% of all applications being completed online. This enables TF Bank to quickly scale its operations and expand without having to incur significant incremental operational costs. TF Bank’s rapid growth has mainly been financed by the strong cash and capital generation embedded in the business model and supported by a cost-conscious organisation.

Proven ability to expand offering to new geographies – from the Swedish base to a broad North European footprint

Since its incorporation in Borås, Sweden, in 1987, the Company has grown from a small credit provider to customers of its previous sister companies’ (Halens and Cellbes) mail order business, to a niche consumer finance bank with SEK 1,838 million in lending in the end of 2015 and operations in seven countries.

From its Swedish base, TF Bank began its geographic expansion by expanding to Finland in 1998 and Norway in

2003. In both cases, TF Bank expanded to markets where its existing retail merchant partners and sister companies, Halens and Cellbes, were already present, thereby providing TF Bank with large customer lists to base its incorporation on and overall contributed to reducing the risks associated with geographical expansion. Leveraging its Nordic legacy and expansion track record, TF Bank continued expanding by establishing operations in Estonia in 2006, Poland in 2012 and Denmark and Latvia in 2014. TF Bank chose to expand to these markets, not only because of the presence of Halens and Cellbes, but also due to the attractive characteristics of the markets and their similarities to TF Bank's home market. The markets are attractive due to their size and level of competition, the favourable development of rising wages and increasing online penetration. In addition, the markets have functioning credit bureaus and markets for sales of non-performing loans.

TF Bank has achieved its cost efficient expansion by combining a local presence, responsible for local adaptation of the offering, sales and marketing, with its centralised operations, based in Sweden, responsible for key supporting functions such as the automated credit approval process, funding, administration, IT and finance.

Focused operations targeting clear market niches

TF Bank operates efficient and focused operations and has a history of outsourcing non-core operations, such as debt collection of non-performing loans. TF Bank has also established several strategic partnerships in which TF Bank leverages its core capabilities of credit approval and flexible IT platform integration with partners' complementary resources. For example, TF Bank has formed Avarda, a Nordic sales finance joint venture with Intrum Justitia, and DentaPay, a payment solution partnership with dentists in Norway.

Furthermore, TF Bank focuses its operations by targeting a clearly identified target customer group. TF Bank is focused on providing credit-worthy individuals short to medium term financing solutions of smaller sizes. This group has historically not been prioritised by high street banks due to their limited focus on unsecured lending and their inability to offer a product that is attractive to customers and which provides banks with attractive returns. High street banks' and other volume-searching market participants' cost structures and complex organisations limit their possibility of serving customers looking for quick and flexible solutions to their smaller short to medium term financial needs.

Operates through two complementary segments with strong cross-selling opportunities, made possible by a scalable and flexible IT-platform

The Direct to Consumers- and Sales Finance-segments are complementary since the Sales Finance segment can serve as a captive channel on which Direct to Consumer loans can be cross-sold. In addition, the customer information contained in the combined database enables more accurate credit scoring and improved risk pricing for TF Bank. Furthermore, both segments rely on the same back-bone operations, including IT, operations, accounting, compliance, legal and administrative functions.

In addition to that both segments rely on TF Bank's robust IT platform, both segments use the same data warehouse and the large number of proprietary IT systems and tools. The platform has proven to be highly scalable and flexible since new products and geographies have been quickly integrated to the platform.

Risk conscious organisation managing high-quality asset base with a robust capital position

TF Bank runs a highly risk focused organisation with nearly 30 years' experience of credit scoring and lending. The Company believes it has a diversified loan book with limited risk due to the Company's advanced scorecards, that combine both external and proprietary models and that analyse a wide variety of parameters depending on product and jurisdiction. The Company's proprietary models have been developed based on the Company's large customer database from its two business segments. Furthermore, the business strategy aims at a large number of smaller loans with a loan book composing approximately 320,000 loans, originated in seven different countries, in five different currencies (SEK, EUR, DKK, NOK and PLN) and with an average loan size of approximately SEK 21,000 within the Direct to Consumer segment and approximately SEK 1,500 within the Sales Finance segment as at 31 December 2015. In addition, the relatively short duration of the loans, on average approximately 1.5 years, results in a high turnover of the portfolio and thereby further decreases the risk of the book.

TF Bank believes it has good quality assets in its loan portfolio due to the fact that TF Bank has operated with a clean balance sheet strategy since 2010, resulting in loans more than 69 days overdue being sold to debt collectors at rates of approximately 35-70% of face value, depending primarily on the size of the loan and the market where the loan was originated. The Nordics is the market where TF Bank sells its non-performing loans for the highest value and Poland is the market where TF Bank sells its non-performing loans for the lowest value, approximately 35% of the face value. The Company follows this strategy in a majority of its markets, and it enables TF Bank to focus on its core activity, lending, and less on provisioning of non-performing loans. This also results in the balance sheet being principally clean from non-performing loans. With a CET1-ratio of 14.9% and a TCR of 19.3%, as at 31 March 2016, TF Bank is well capitalised and significantly above its capital requirements of 8.7% and 12.2% respectively for Common Equity Tier 1 and total capital ratio. [1]

[1] *Including the Company's assessment of the increase in the countercyclical capital requirement which will be implemented in June 2016.*

Attractive financial profile with a track-record of delivering high returns

TF Bank operates a highly profitable business model that has consistently delivered high returns during a period with growth. TF Bank has achieved an average return on equity (ROE) of 37.6% per year since 2013. The high returns are a result of TF Bank's 22.0% loan portfolio CAGR between 2013-2015, its efficient funding strategy, resulting in an average annual funding cost of 2.0% since 2014, its lean operational setup, resulting in an average C/I-ratio of 32.2% since 2013, and declining net loan losses, from 8.0% in 2013 to 6.2% in 2015. The strong cash and capital generation resulting from the high returns have historically been used for both dividends to shareholders and reinvestments in the Group´s operations.

STRATEGY

From its establishment in 1987, TF Bank mainly prioritised supporting its then sister companies' retail offering by providing their customers with financing solutions and distributing significant amounts of its net profits to its shareholders. Consequently, there is a limited focus on growing and developing TF Bank's operations, geographic footprint and product portfolio. Following the change in ownership in 2007 and the implementation of the Company's new strategy, TF Bank now reinvests a greater share of its capital to support the growth of its operations. TF Bank aims to provide its shareholders with a highly attractive total return by significantly growing its business and at the same time provide its shareholders with an attractive dividend on medium and long term. TF Bank has a clear vision to facilitate financial transactions by providing immediate and on the spot credit to customers in a wide range of countries thus spreading and reducing risk and has developed a concrete strategic plan to reach this vision based on the following cornerstones.

Strong growth from existing products and markets

TF Bank believes there is a lot of untapped potential in its business and current markets. In particular, TF Bank aims to grow its Direct to Consumer segment in Norway, Finland, Poland and Estonia, and in the segment Sales Finance through Avarda.

In Norway, TF Bank acquired a strong platform through BB Finans in July 2015 and has since achieved strong organic growth in the market. TF Bank believes the increased funding capacity for the BB Finans platform including well developed IT and technology will enable the Company to continue to grow organically and expand its presence in Norway. In addition, TF Bank is evaluating the possibility of expanding BB Finans's credit card operations both in Norway and internationally.

In Finland and Estonia, the Company believes it has the potential to increase its market shares significantly by continuing to leverage its efficient operational platform to be able to maintain a competitive offering in its attractive market niches, as well as optimising its sales and marketing activities. The establishment of the Finnish branch and office in Estonia in 2014 have provided the platform for expansion in both countries and proximity to local trends and market practices is seen as a contributor to growth.

In Poland, TF Bank has achieved strong organic growth in its Direct to Consumer segment since its market entry and will continue to increase its customer base and increase efficiency as the Company is scaling up its operations, e.g. through calibrating its credit approval process after receiving more information about credit behaviour in the market. The establishment of the branch in 2015 and the increase in local competence is seen as crucial for controlled growth.

Leverage cross-selling opportunities between business segments

TF Bank's two segments, Direct to Consumer and Sales Finance, provide significant opportunities for cross-selling, however, TF Bank has not fully leveraged this inherent opportunity yet. Since the Company initiated the sales financing solutions has the Company's customer within this segment, mainly Cellbes and Halens, contributed with a growing customer data base which could be used to identifying potential customers for cross-selling of consumer loans. In addition, the data could be used to improve the credit application process. With credit behaviour data on more than one million unique customers, TF Bank believes it can significantly grow its loan portfolio with above average profitability customers due to the lower customer acquisition costs and improved risk pricing resulting from selling to known customers.

Continue geographic expansion

TF Bank has a history of extensive expanding of its operations geographically and has identified new attractive geographic markets for continued expansion. Attractive markets are markets with high Internet penetration and usage, well-functioning credit bureaus, a secondary market for non-performing loans as well as limited competition in the Company's niche segment.

Czech Republic, Slovakia and Latvia are viewed as particularly interesting markets for the Direct to Consumer and Czech Republic and Slovakia for the Sales Finance segments, due to their similar market characteristics to TF Bank's current markets. In the Sales Finance segment, the Netherlands, Germany and the UK are also examples of markets that are viewed as attractive for continued expansion. An expansion into these markets would most likely be with the cooperation of local merchants, thus reducing the start-up risks. TF Bank's strategy for geographic expansion, its scalable IT platform and focused organisation are aimed at enabling it to grow without increasing its risk profile or incurring significant additional costs, something the Company has succeeded with historically.

Ramp-up of recent strategic partnerships, acquisitions and continue to explore new similar opportunities

TF Bank has recently initiated a number of interesting strategic partnerships, including Avarda and DentaPay, and completed the acquisition of BB Finans in Norway. These initiatives are showing positive traction in the market but TF Bank believes that the full potential is yet to be reached.

TF Bank sees large potential in its Nordic sales finance joint venture with Intrum Justitia, Avarda. By leveraging TF Bank's IT platform and credit scoring capabilities together with Intrum Justitia's many merchant relationships and large sales organisation, TF Bank believes Avarda has the potential to become a major provider of payment solutions to merchants in the Nordics. The joint venture was established in 2015 and has since then added 17 merchants including large customers such as Anttila, Cervera, Kekäle and Euromaster. Avarda targets to become the number 2 player in the Nordic market in sales finance.

The scalability and flexibility of the Company's IT platform enables it to be used in multiple different forms. TF Bank aims to leverage this and its history of working with partners to continue exploring new opportunities for strategic partnerships with companies providing complementary capabilities and technologies to TF Bank's credit approval expertise.

The full integration of BB Finans has started and the added liquidity that TF Bank has provided has enabled BB Finans to increase its loan portfolio (both consumer loans and credit cards) as well as new lending significantly since it was acquired in July 2015.

Despite the positive development, TF Bank's market share of the Norwegian market remains low and TF Bank believes it can grow its position by remaining in the niche that BB Finans has established for itself, adding TF Bank's competitive IT platform to BB Finans' processes and by retaining and develop the qualified personnel that the company already has.

FINANCIAL TARGETS

TF Bank's Board of Directors has adopted the following medium term financial targets:

Growth

Over the medium term, TF Bank aims to achieve an EPS growth of at least 20%.

Efficiency

Over the medium term, TF Bank aims to achieve a cost to income ratio of below 35%.

Capital structure

TF Bank aims to maintain a total capital ratio of at least 14.5%.

DIVIDEND POLICY

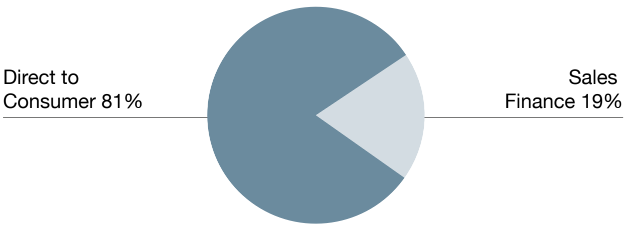
The Board of Directors of TF Bank has adopted a dividend policy according to which the Company aims at a pay-out ratio of approximately 50% of its annual consolidated net profit.

Under the dividend policy adopted by TF Bank's Board of Directors stated above, TF Bank aims at a pay-out ratio of approximately 50% of its annual consolidated net profit. If TF Bank, as a result of its profits and dividend policy, generates a substantial surplus, it is TF Bank's intention to use such surplus either to finance a higher organic growth rate and/or future acquisitions, or to pay out the surplus to its shareholders as dividend. Decisions relating to dividend proposals take into account the Company's future revenue, financial condition, capital requirements, TF Bank's capital targets and general economic and operational circumstances. TF Bank is subject to capital adequacy and liquidity requirements under regulations applicable to financial institutions before potential dividends could be proposed and thus there can be no assurances that in any given year a dividend will be proposed or declared.

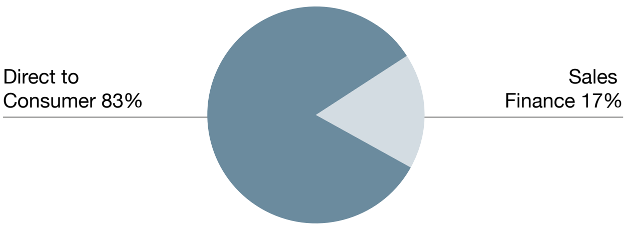
BUSINESS SEGMENTS

TF Bank operates two separate segments (i) the Direct to Consumer segment in which it offers unsecured financing to consumers, either through own distribution channels, direct marketing to its large customer database or external partners, and (ii) the Sales Finance segment in which it offers payment solutions for e-commerce companies which enables the merchants to offer its customers flexible invoice and payment alternatives. The Group finances its credit volume in both segments through primarily deposits from the public.

SHARE OF LOAN PORTFOLIO 2015



SHARE OF OPERATING INCOME 2015



Note: The underlying financial information in the graph above is derived from audited accounts according to IFRS 2015.

Direct to Consumer segment

In the Direct to Consumer segment, the Group offers unsecured consumer credits. Loans are offered via various distribution channels, primarily through the Group's own websites, external partners and direct marketing to the Company's customer database including cross-selling to the customers in the Sales Finance segment. See "- *Sales and marketing*".

The Direct to Consumer segment contributed 84% or SEK 330 million to the Group's overall total operating income in the LTM Period ended 31 March 2016. As at 31 March 2016, the Group had SEK 1 629 million in loans outstanding in this segment, corresponding to 81% of the loan portfolio. As at 31 December 2015 the average loan amount per approved loan amounted to SEK 21,000 with an average length per loan of 18 months.

The Group offers unsecured loans in Sweden, Finland, Estonia, Norway and Poland, with credit cards currently only offered in Norway.

Consumer loans

The Group offers unsecured loans to consumers. These loans are typically offered for up to SEK 45,000-300,000, depending on geography, with the average loan on book being approximately SEK 21,000, and a term typically ranging between 12 and 60 months. The interest rate, the length and the amount of a given loan depends on a customer's geographic location and his or her creditworthiness. The Company's average size of new issued loans during 2015 was approximately SEK 30,000 and the average APR during the same period was approximately 26%. The consumer loans TF Bank offers are granted in real time through the Group's proprietary IT platform which provides a credit score for a loan application within seconds based on a large number of data points (for further information, see "- *Overview of credit scoring process and management of non-performing loans*").

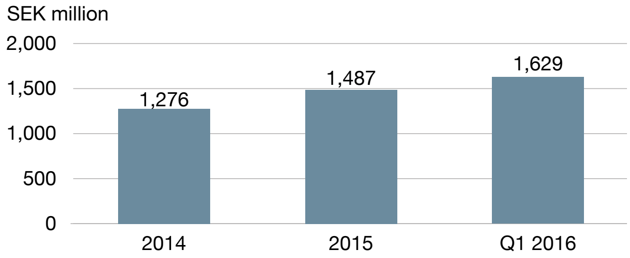
TF Bank has a strong track-record of geographic expansion, which has been a key driver of growth of the Company's loan portfolio and operating profit in the Direct to Consumer segment. TF Bank started its business in Sweden in 1987 and thereafter expanded its operation to Finland in 1998. In 2002 the Group expanded to Estonia, to Norway in 2003, with recent expansion to Poland in 2012 and Latvia and Denmark in 2014. Expansion has been enabled by similarities in product offering in the different countries, in combination with local presence through opening local branches that are supported by a centralised and highly adaptable IT platform which is easy to integrate with local variations of, for example, currencies and credit agencies. The centralised platform has allowed TF Bank to scale its lending operations to the different countries in a cost-efficient manner. For example, the critical processes of loan application and credit approval are centralised, creating a highly disciplined and efficient credit scoring process. Entering new markets or introducing new products typically implies start-up costs, such as market research and marketing expenses, while revenues remain limited in the beginning due to the still small size of the loan portfolio. TF Bank has developed an adaptable marketing model tailored to each of the countries in which it offers consumer loans.

	Product offering	Average loan size SEK (Dec 2015)	Largest offered loan size SEK	Average APR (Dec 2015)	Brands	Primary marketing channel
	Consumer loans	~24,000	50,000	~28%	CREDENTO halens	Brokers
	Consumer loans Credit cards	~59,000	~300,000	~15%	BB FINANS	Brokers
	Consumer loans	~20,000	~55,000	~25%	CREDENTO Halino	Brokers
	Consumer loans	~15,000	~45,000	~26%	TFBank	Direct/TV
	Consumer loans	~13,000	~100,000	~28%	TFBank	Intermediaries/ Brokers

A key driver of TF Bank's loan portfolio and operating income has been its expansion into new markets combined with its successful marketing strategy. The development of the loan portfolio (loans to the public) until 31 March 2016 is shown below:

DEVELOPMENT OF THE LOAN PORTFOLIO

LOANS TO THE PUBLIC – DIRECT TO CONSUMER SEGMENT



Note: The financial information in the graph above is derived from audited accounts according to IFRS 2014-2015 and accounts prepared in accordance with IFRS the three months period ended on 31 March 2016.

TF Bank's development of its loan portfolio is driven by new lending and the Company's ability to generate loans from existing and new customers. TF Bank creates growth in its loan portfolio by expanding its customer base through various methods such as through organic growth, new product launches and entering new geographical markets.

Entering new markets is done via acquisitions or organic, "greenfield" expansion. Acquisitions typically imply access to an existing loan portfolio, customer data base, and substantial amount of data regarding credit behaviour in the market. This data is beneficial to TF Bank's initial credit approval process and typically improves approval rates and default rates. For example, in 2015 TF Bank entered the Norwegian market through the acquisition of BB Finans and gained access to a strong loan portfolio and important customer database. In organic expansions, existing credit information data is typically limited and the credit approval process is calibrated through managing approval rates and which parameters to focus on. As such, these expansions, such as TF Bank's entry into Poland 2012 and the subsequent establishment of a branch in 2015, entail lower approval rates in the beginning due to cautious lending behaviour since the Company learns more about the market and accumulates data.

The different expansion approaches have been carefully adjusted to fit the target market in order to maximise return and minimise risk. The Company has been focused on expansion to countries where consumer data is easily available for credit scoring and hence enables offering loans to the public and limits the level of net loan losses.

Growth in loan portfolio has historically been given lower priority due to a previous focus on expanding into and building organisations in new geographical markets, combined with ownership priorities on dividends and profit before growth. TF Bank sees several of its newly entered markets as attractive and believes the Company has strong potential to grow in for example Finland, Poland and Norway. The Company also continuously evaluates new markets for possible expansion.

Credit cards (BB Finans)

In July 2015, the Group acquired the Norwegian financial institute BB Finans, which has operated in the Norwegian market for approximately 40 years under private ownership. BB Finans has a record of successful credit offerings to consumers, primarily via unsecured loans and more recently credit cards. The transaction was closed in July 2015.

Through its acquisition of BB Finans, the Group has expanded its product offerings to include credit cards to consumers. The Group offers physical credit cards to consumers through various promotional offering strategies. The credit card business has shown a stable trend and constitutes approximately 10-12% of the Company's outstanding loans to the public portfolio in Norway.

Other products

In recent years, the Group has initiated several strategic partnerships with the aim of combining TF Bank's credit scoring and robust IT platform with complementary technologies and capabilities of its strategic partners. For example, in the Direct to Consumer segment, the Group has since 2015 an agreement with Odin Kapital in Norway to provide credit solutions for dental care payments. The hardware, which consists of physical payment terminals at dental offices, as well as the software for these terminals, is provided by Odin Kapital, while TF Bank provides the credit solution and loans to customers offered via credit cards.

Sales and marketing

TF Bank has developed a sophisticated and adaptable marketing model that is tailored to each of the countries in which it offers consumer loans, including the amount and relevance of data available to TF Bank for customer targeting and credit decisions, as well as for example applicable data protection rules. Sourcing channel mix also varies significantly depending on product and geography.

The Group utilises a variety of sourcing channels to market its products including, sales to own database, company websites, online brokers and mass communication (for example TV commercial). Loan applications are primarily conducted online but some occur by mail or by telephone. The diversification of TF Bank's marketing model reduces its exposure to changes in customer behavior as well as data protection laws and regulations. For the year 2015, 24% of TF Bank's new loan volumes was from direct marketing (5% via tele-marketing, primarily incoming calls from existing customers, and 19% direct mail through cross-selling via the existing database and e-mails to Direct to Consumer and Sales Finance customers), 30% was from company websites and marketing through SEO and campaigns and 46% was from loan brokers (particularly high share in Poland and Norway). The Group aims to continue to optimise its marketing channels to support continued growth in sales volumes.

TF Bank targets existing retail finance customers based on credit behavior data and uses internal ranking models that assess and rank potential customers. TF Bank targets individuals that, based on historical credit losses, and socio demographic algorithms, it assesses to be of low risk. TF Bank's customers are typically middle-aged, employed individuals with low to middle income wages in need of a consumer loan due to short-term financing needs.

Sales Finance segment

General

In the Sales Finance segment, the Group offers flexible online payment solutions for e-commerce merchants including invoice solutions and instalment loans. TF Bank's payment solution lets consumers receive their ordered goods before making any payment. At the same time, TF Bank assumes the credit risk on behalf of the e-commerce merchants.

The Sales Finance segment in TF Bank was integrated into the Group as at 1 May 2014. However, the two segments have from TF Bank's incorporation in 1987 been operating under the same overall group (Consortio Fashion Group AB) until 2014 when TF Bank was separated from the group. As such, TF Bank's organisation within Sales Finance has longstanding experience from the sales finance market, and the two segments are able to extract significant synergies through operating together under a long time period.

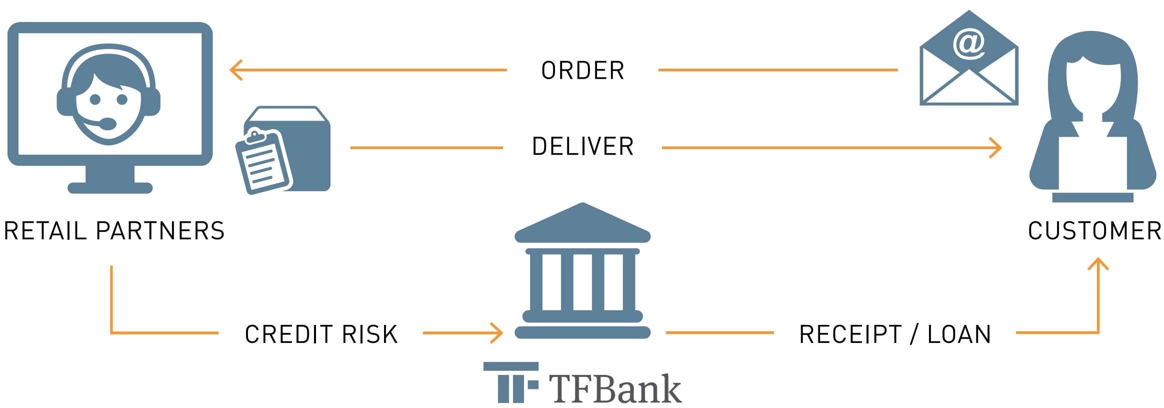
The Sales Finance segment has long-term merchant relationship with Halens and Cellbes due to the acquisition of the Consortio Fashion Group's outstanding portfolio of sales finance loans. A majority of loans generated in the Sales Finance segment are still sourced from Consortio Fashion Group, however TF Bank has since 2014 signed up several other merchants, including the joint venture with Intrum Justitia.

In October 2014, the Company signed the Joint Venture Agreement with Intrum Justitia to create Avarda, which started initial operations in March 2015. The Company had 17 merchants as at the date of this Prospectus.

Invoice solutions for e-commerce merchants are offered in Sweden, Finland, Norway, Denmark, Estonia and Latvia and are currently being started with the support of a merchant in Poland.

Overview of TF Bank's Invoice Solutions

The Group's principal product offering in the Sales Finance segment is its flexible and easy to integrate online payment solution which is tailored to merchants. This product includes



In the LTM period ended 31 March 2016, the Sales Finance segment contributed 16% or SEK 65 million to the Group's total operating income. As at 31 March 2016, the Group had SEK 383 million in loans outstanding to end customers in this segment, corresponding to 19% of the loan portfolio. The average loan per customer granted in 2015 amounted to SEK 1,500 and the average length per loan, depending on the market, was approximately nine to eleven months. The average APR during 2015 was 20%.

solutions for invoicing and instalment loans for consumers for a particular merchant's products, encompassing benefits for all parties involved. The following is a description of the principal elements of this product:

1. After an online shopper selects an item and is prompted to the check-out function on the merchants' online shop, the choice of payment via instalment loans is offered as an alternative to traditional credit cards. The customer

may choose an invoice (one single payment) or an account (several instalments over a time period).

2. The invoice is designed to be paid interest free during approximately 30 days, with such initial interest free period being extended for some merchants and markets up to 50 days. The online shopper is thus initially only charged an invoice fee and provided with an interest free loan, regardless of the purchase amount.
3. If the customer chooses to open an account with the Group and finance the purchase when at the checkout, then an instalment plan is created covering up to 36 months.
4. There is no penalty for early repayment of the loan; the customer can repay the loan at the end of each month.
5. Customers, who choose the invoice method, may convert from their invoice payment to a loan account with the Group after having received the invoice.
6. Regardless of the choice of invoice or account, TF Bank uses its proprietary and real time credit approval process to give the customer a credit limit based primarily on the item purchased and the customers' ability to repay.
7. The application for a loan is processed through the merchant's web store while the credit decision is made in real-time and is risk-assessed by TF Bank Group's credit origination platform which is integrated to the merchant's web store. The credit decision is based on internal and external data available to the Group in real time. The customer's credit card information is therefore not needed nor divulged online.
8. Invoices are sent to customers in the name of the merchant. The Group, however, may cross-sell its own products, such as unsecured loans and credit cards from its Direct to Consumer segment to Sales Finance customers via such invoices.

The Company believes that the advantages for the merchant will drive growth for such instalment loans in the future. An online merchant receives instant liquidity (as the Group usually settles transactions on the following bank day), improved profit margins (as the Group pays a commission to the merchant as opposed to credit card companies, which usually charge the merchant a commission) and the opportunity to market the merchant's brand (as the invoices are issued with the merchant's brand displayed).

Commissions paid to merchants are individually negotiated with merchants and depend on several factors, most notably the APR of the loans that the merchants want to have charged to their customers.

Avarda joint venture

During 2014, the Company formed a joint venture with credit management services provider Intrum Justitia (agreement concluded in the end of 2014 and Intrum Justitia became partner in 2015), through which it started to offer flexible online payment solutions for e-commerce merchants, including in March 2015 white label solutions that allow merchants to tailor the Group's product to their specific needs. The sales finance invoice solution is offered under the Avarda name in Sweden, Finland Denmark and Norway. Under the joint venture, Avarda has a sub-license from TF Bank to use the Group's e-commerce platform. The joint venture incorporates the IT capabilities as well as the industry knowledge of TF Bank with the strong vendor client base and sales force of Intrum Justitia. Avarda is currently in a start-up phase. Avarda has received a license to operate in Sweden and Finland, where a majority of the merchants it has already signed up are located. Corresponding approximately SEK 35 million of TF Bank's loan portfolio attributable to the Sales Finance segment was constituted by Avarda's business as at 31 March 2016.

Avarda has a step-by-step product and customer strategy where initially focus is targeting mid and large sized merchants by offering transparent solutions. Furthermore, Avarda aims at providing tailor-made solutions for each customer and establish long-term relationships by offering merchant technical solutions that facilitate high conversion rates.

Merchant network

Either directly, or through its Avarda joint venture, the Group currently has agreements in place with 23 merchants. Avarda's directly contracted merchants had a total annual turnover of approximately SEK 10,000 million in 2015.

TFBank

Geographical expansion in Europe

Long-term merchant relationships in the Nordics

AVARDA

Newly established joint ventures

Strategy to become #2 in the Nordic region

Payment solutions in physical stores

The Group's point of sale product (TFB Store) was successfully launched in September of 2014 and enables customers shopping in physical "brick and mortar" retail stores to choose, instead of paying immediately with cash or credit card, to pay later through an invoice or instalment option. This solution is similar to sales finance options offered by the Group to online consumers. For TFB Store, the Group partnered with its merchant partner Tvins, which operates physical retail stores.

DEPOSITS

The Group currently offers savings accounts to consumers in Sweden and Finland, which is used as the primary funding of the lending business. Total deposits amounted to SEK 2,368 million as at 31 March 2016. The average deposit per customer was approximately SEK 249,000 as at 31 March 2016. Customers with deposit savings accounts maintained by the Group are usually seeking out higher interest rates than offered by other larger banks, while still being provided services via the Group's online banking account system.

Customers make deposits in local currency in savings accounts which offer competitive interest rates compared to other large banking institutions. Customer deposits up to EUR 100,000 are protected under the Swedish Deposit Protection Program. SEK 1,733 million of the Group's deposits are denominated in SEK and SEK 497 million are denominated in EUR as at 31 December 2015, which mainly is a consequence of the geographic position of the Company's customers.

GEOGRAPHIC DISTRIBUTION

The table below sets forth an overview of the geographic distribution of loans to the public of the Group for both the Group's segments (Sales Finance segment is consolidated from May 2014):

SEK thousand	As at 31 March 2016	As at 31 December		
		2015	2014	2013
Sweden	659,428	654,684	709,008	585,089
Finland	726,005	659,977	647,272	514,394
Norway	311,631	227,813	33,207	16,542
Estonia	179,766	174,297	148,514	100,381
Poland	96,943	85,278	62,803	9,656
Denmark	36,703	34,007	31,253	-
Latvia	1,710	1,522	1,182	-
Total loans to the public	**2,012,186**	**1,837,578**	**1,633,239**	**1,226,062**

Note: The financial information in the table above is derived from audited accounts according to IFRS 2013-2015 and accounts prepared in accordance with IFRS the three months period ended on 31 March 2016.

The table below sets forth an overview of the geographic distribution of interest income of the Group for both the Group's segments (Sales Finance segment included only from May 2014):

SEK thousand	Year ended 31 December		
	2015	2014	2013
Sweden	152,826	173,120	169,930
Finland	158,065	142,965	123,853
Estonia	38,373	28,419	20,998
Norway [1]	15,639	5,777	4,546
Poland	14,359	5,321	242
Denmark	6,207	4,247	-
Latvia	377	287	-
Total interest income	**385,846**	**360,136**	**319,570**

[1] *BB Finans included since 1 August 2015.*

Note: The financial information in the table above is derived from audited accounts according to IFRS 2013-2015.

Sweden

In Sweden TF Bank operates in both Direct to Consumer and Sales Finance segment. The Company has in recent years reduced its exposure to Sweden through a decreasing loan portfolio, mainly because of the Company belief that the increased market competition will lead to lower margins. The performing loan portfolio within the Direct to Consumer segment decreased during the first quarter from SEK 456 million as at 31 December 2015 to 453 SEK million as at 31 March 2016. The credit volume share attributable to the Direct to Consumer segment in Sweden amounted 29%. The Company estimates that operations in Sweden are profitable and contributed to a large part of the Company's profit in 2015. The near term strategy and initiatives in Sweden include:

- Focus on product development; for example new brands and increased focus on PPI.
- Protecting market position and margins through strengthen relationships with loan brokers even further and exploit the cross-selling opportunities further.
- Protect credit quality; for example through continuously developing the information handling process and the management of non-performing loans.

Finland

In Finland TF Bank operates in both Direct to Consumer and Sales Finance segment. The Finnish Direct to Consumer segment has a strong market position and proven strong growth in recent years. The performing loan portfolio within the Direct to Consumer segment increased during the first quarter from SEK 574 million as at 31 December 2015 to 608 SEK million as at 31 March 2016. The credit volume share attributable to the Direct to Consumer segment in Finland amounted 39%. The Company estimates that operations in Finland are profitable and contributed to a large part of the Company's profit in 2015. The near term strategy and initiatives in Finland include:

- Increase the amount of data available for scoring and marketing through strategic partnerships.
- Managing broker efficiency; for example through introducing volume based commission to loan brokers and integrated e-sign with loan brokers.
- Reach new customers through strategic partnerships and optimizing of existing channels.
- Increase sales to existing customer base, for example through exploiting existing cross-selling opportunities further.

Norway

In Norway TF Bank operates in both Direct to Consumer and Sales Finance segment. TF Bank's presence in the Norwegian market has increased due to the acquisition of BB Finans in 2015. The performing loan portfolio within the Direct to Consumer segment increased during the first quarter from SEK 186 million as at 31 December 2015 to 258 SEK million as at 31 March 2016. The credit volume share attributable to the Direct to Consumer segment in Norway amounted 17%. The Company estimates that operations in Norway have so far shown low profitability and accounted for a small part of the Company's profits in 2015, partly as a result of that the acquisition of BB Finance was not completed until July 2015. The near term strategy and initiatives in Norway include for example:

- Further integration of platform and processes. The integration is expected to be completed during the second half of 2016.
- Introduce deposits in NOK in order to diversify the funding on the Norwegian market.
- Product development; for example new credit card with higher credit limit and develop PPI and DentaPay further.
- Develop and increase the distribution channels; for example through more credit brokers.

Poland

In Poland TF Bank operates in both Direct to Consumer and Sales Finance segment. In recent years the Company has been focusing on building the organisation and network of intermediaries. During 2016 focus has been on growth and the Company estimates that there are good opportunities to achieve strong growth in the coming years. The performing loan portfolio within the Direct to Consumer segment increased during the first quarter from SEK 84 million as at 31 December 2015 to 100 SEK million as at 31 March 2016. The credit volume share attributable to the Direct to Consumer segment in Poland amounted 6%. The Company estimates that Poland contributed negatively to the Group profit in 2015. The near term focus areas and initiatives in Poland include:

- Increases the number of applicants through strengthen relationships with physical credit intermediates even further.
- Increase approval rates and credit quality; for example through developing the information handling process. The Company aims at increasing the share of approved applicants from today's level of approximately 17% to approximately 25%.
- Utilize IT platform advantages and develop how the platform can be integrated with physical credit intermediates.

Estonia

In Estonia TF Bank operates in both Direct to Consumer and Sales Finance and the near term strategy and initiatives include access official government income information in real time and increase product flexibility to gain access to new market segments.

Denmark

In Denmark TF Bank has a smaller operation in Sales Finance.

Latvia

In Latvia TF Bank has a smaller operation in Sales Finance.

OVERVIEW OF CREDIT SCORING PROCESS AND MANAGEMENT OF NON-PERFORMING LOANS

Direct to Consumer loans

The Group's proprietary loan origination system ("**Phoenix**") collects customer data as entered by the customer (including among others name, address, date of birth, income and other loan commitments etc.). Phoenix is integrated with TF Bank's own web pages in each respective market, with local online loan brokers, local credit bureaus, external EU-determined sanction lists, TF Bank's automated in-house credit rules applicable per market ("**Credit Decision Work Flow**") and external income-control sources (*e.g.,* local tax authorities). The integration of this information is made in real time and the lending decision for the customer applicant is instantaneous.

When the origination process is complete, if the decision is positive Phoenix automatically exports the data for the approved customer and the loan details to the Group's loan ledger system. Currently the Group works with its own proprietary ledger system and also uses external banking systems where applicable. The customer account is created and activated instantaneously and disbursements are made through file transfers either instantaneously or at one of several varying times during the same day (depending on the market practice) directly to the customer's bank account.

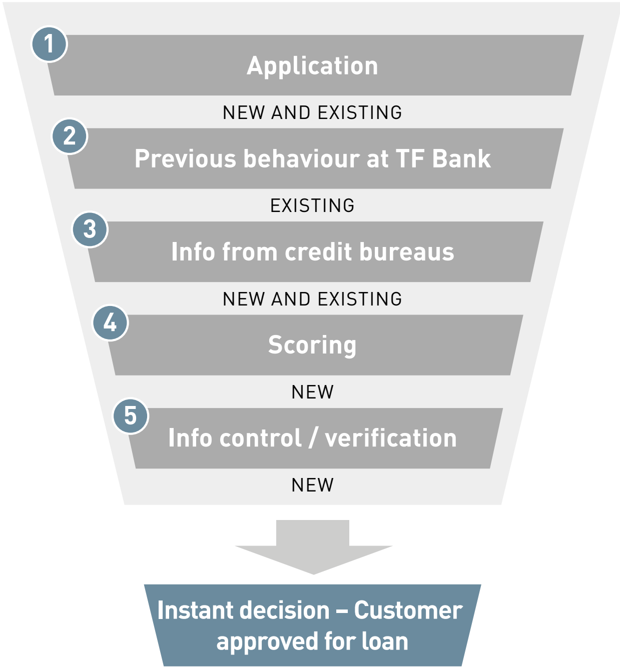
Time from application to loan disbursement varies depending on the market, but can be during the course of the same day.

Sales Finance loans

Upon agreement with a merchant, the Group's online function is integrated into the merchant's homepage and a checkout function is installed offering the end consumer an invoice or repayment plan option. The consumer, having made its choice of product online, enters its personal identification number after which the customer's personal data is collected from internal and/or external sources and uploaded into the Group's proprietary Credit Decision Work Flow. The credit decision for individual consumers is risk-based and takes into account, among other things, the amount of the purchase and the customer's declared or stated income level. The decision is made in real time.

In 2015, approximately 90% of applicants were approved after which the customer is free to receive the goods in the normal manner used by the merchant. When the purchase is confirmed, *i.e.,* the goods are received, an invoice is created and the debt is sold by the merchant to the Group for collection according to the terms established for that particular sale.

5 STEP STRAIGHT-THROUGH-PROCESS – DECISION MADE WITHIN SECONDS



The credit scoring process

Over the course of its operating history, the Group has developed an advanced risk-scoring model, which is adjusted according to accessibility of customer information in different jurisdictions as well as particular geographic trends or other outside factors which could impact lending decisions (*i.e.,* ability and ease with which the Group's collections process can be implemented in a certain jurisdiction). The Group is able to collect thousands of data points from applicants. The Group has modelled its scoring system so that it uses a subset of this large set of information to score different loan applications. These subsets vary depending on the market and the circumstance of loan application process and are monitored on a constant basis. Factors that are used include key parameters such as past payment behaviour, credit reports and customer information linked to online or telephonic records.

Credit applications of consumers follow a 5-step straight through process that allow the Group to instantaneously accept or decline an application in the vast majority of cases based on particular factors used to make up a potential customer's credit profile, as demonstrated below:

During this process, the customer submits requested application information and the Group's automated system then analyses information provided from local credit bureaus as well as past behaviour of the applicant in the case of existing customers. The Group uses this information to produce a score for individual applicants, considering both generic scores provided by the relevant credit bureau as well as the Group's own scoring model. Additionally, the scorecards are tailored to each market; Sweden and Finland have well developed scorecards, the scorecards in Poland and Estonia are under development and Norway combines scorecards with a more classic underwriting model. Based on the customer information, in addition to verification of income and personal identification, the application will be segmented and receive either automatic approval or automatic denial. A very limited number of applications will receive a conditional approval.

Approval rates vary between the Group's two segments:

- ***Direct to Consumer segment:*** Approval rates for unsecured loans in the Group's Direct to Consumer Business Segment ranged between below 10% up to 65% in 2015 (depending on the country of application). The rate of approval is higher in Sweden and Estonia compared to in Finland, Poland and Norway. Furthermore, Sweden and Estonia are the countries where the rate of approval has declined, whereas there has been an increasing trend in the other countries.

The increased approval rate is the primary underlying driver of a strong volume growth in Poland during the beginning of 2016.

- ***Sales Finance segment:*** Approval rates in the Sales Finance segment averaged approximately 90% in 2015, which is principally due to the lower sales price per purchase and the different consumer profile in the Sales Finance segment.

Collection of payments and sale of non-performing loans

The share of loans going into collection, i.e. loans which are overdue and when collection of the loans have been initiated, varies by country. The collection rate is higher in Sweden and Poland compared to in Finland, Estonia and Norway. Furthermore, Sweden is the country where the collection rate has increased and Finland is the country where the collection rate has been flat, whereas there has been a decreasing trend in the other countries.

The Group defines loans which are at 69 days past due as non-performing loans. Except for loans that belong to Avarda or the Sales Finance-customer Tvins the Group disposes practically all loans which are at 69 days past due, i.e. non-performing loans, except in Norway, Estonia and with limited exceptions regarding the timing of disposal in other countries. In Norway BB Finans collects on defaulted loans through its subsidiary Confide, already in place when TF Bank acquired BB Finans, a fully licensed debt collection company with third-party clients. The high availability of credit information in the Norwegian debt collection market results in a well-functioning market. The debt collection market in Estonia is characterised by low maturity which is the reason to why TF Bank does not disposes its non-performing loans in Estonia.

The Group sends reminder invoices and contacts customers who fail to pay according to the initial agreement terms in an attempt to resolve payment during the initial 69 day period. If such efforts are unsuccessful, the Group will then terminate the contract and sell the non-performing loan to a collection company. The Group has agreements in place with three different collection companies across the different regions in which the Group operates. Each individual contract is negotiated and renegotiated independently and the Group takes the market for non-performing loans into consideration when considering credit scoring metrics and expansion efforts into new geographic regions.

The following provides an overview over the Group's loan portfolio as at 31 March 2016:

SEK thousand	As at 31 March 2016
Loans, not past due	1,719,267
Loans past due, 1-10 days	161,163
Loans past due, 11-69 days	72,488
Non-performing loans	102,084
Total	**2,055,002**
Provision for expected loan losses	(42,816)
Total loans to the public	**2,012,186**

Note: The financial information in the table above is derived from audited accounts according to IFRS 2013-2015 and accounts prepared in accordance with IFRS the three months period ended on 31 March 2016.

The Group's strategy to dispose practically all non-performing loans results in limited valuation risk in the balance sheet compared to peers in terms of non-performing loans as percentage of loan portfolio.

The internal rating is primarily based on information provided by the customer. How the information is used and weighted in the model is determined by an in-depth analysis of existing customers from a risk perspective. The variables proven to best predict defaults are given a higher score in the model. The Group is using both internal ratings and ratings provided by external providers to ensure that the risk assessment is as accurate and precise as possible. Both ratings are performed independently but are used together in the Group's credit assessment.

Information technology

The Group combines standardised solutions and its own custom-made systems when advantages are achieved. Main processes like credit origination, loan maintenance and data warehousing are handled with modern in-house solutions which give the Group the flexibility to act fast in a changing market. IT infrastructure is designed to minimise the risk of external "abuse" by applying different security layers where the critical systems are located and in back-end application.

Origination platform

The solution used for credit origination is a set of in-house systems. The systems process the applications independent of each other and coordinate the application life cycle from received purchase/loan application to the final credit decision. The aim is to have an online interaction with the customer where credit assessment, approval, contract signing and disbursement is made instantly after a real-time credit decision.

Credit assessments are handled within the TF Bank credit engine (Credit Decision Work Flow) which enables online follow-up and configuration of credit policies. External (respective credit bureaus) and internal scorecards are combined with behaviour scoring, anti-money laundering data, public information and other information to produce a credit decision without any manual input. The goal is Straight Through Processing, i.e. to avoid human decisions and instead use scoring models based on internal and external data in conjunction with information received directly from customers.

Credit maintenance platform

The Group's credit management systems (ledger systems) are a combination of standard software and custom made solutions. The goal is to calculate interest, late payments and produce invoices in a standardised way. The Group operates in the Nordics and Eastern Europe with different legal requirements and offers different variations of credits, which necessitates variations in the system. The Group has focused on flexibility and local adaptations when setting up the best solution for each market regarding client interaction, debt collection handling and product offering.

Data analysis

All relevant data from the origination and maintenance processes are regularly transferred to a central data warehouse where full time analysts constantly work on perfecting the scoring and approval models, including the use of regular back-testing.

Commitment to responsible lending

Beyond compliance with the legal and regulatory frameworks governing consumer lending on the EU and national levels, the Group is committed to its ethical principles of responsible lending. It exercises this commitment by providing transparent contractual terms, ensuring maximum customer data security, and treating all consumers fairly and reasonably. The Group considers this commitment to be an obligation to its shareholders, customers and the overall industry.

The Group bases its credit decisions on a careful assessment of customer creditworthiness and strictly excludes "payday" loans or SMS credits from its product offerings. The Group only issues credit when it believes, on the information available to it, that the borrower can reasonably afford to repay the loan. When processing online purchase or loan applications, the Group is committed to the highest standards of disclosure and procedural fairness, including complete transparency of all interest, fees, and charges as well as information regarding repayment

ORGANISATIONAL STRUCTURE AND EMPLOYEES

TF bank has a simple and efficient organisational structure which is illustrated in the figure below.

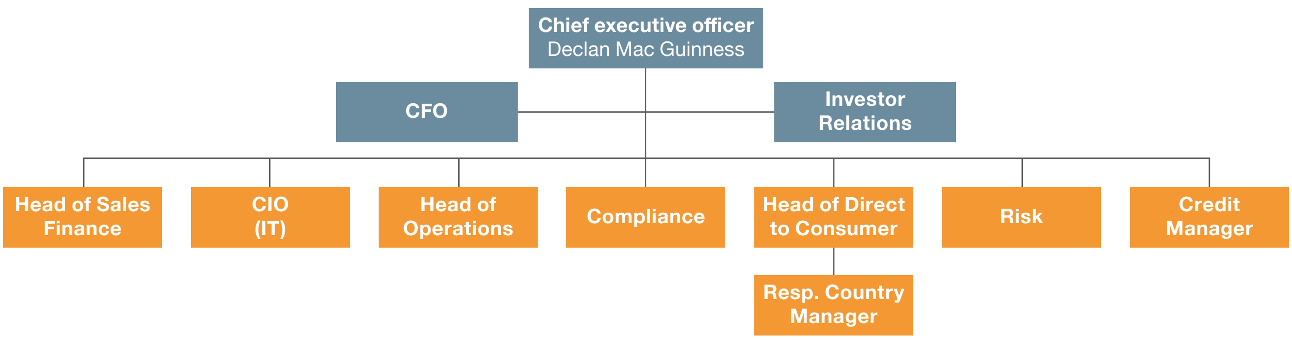
Geographically, as at 31 March 2016, the Group had 47 (including Group functions) employees in Sweden (with two offices, one in Stockholm and the Group's main office in Borås), 10 employees in Finland, 7 employees in Estonia, 17 (including Group functions) employees in Poland and BB Finans had 11 employees in Norway, which adds up to 92 employees in total. Average full-time equivalents during the three months period ended on 31 March 2016 was 94; 78 during 2015, 51 during 2014, 36 during 2013 and 31 during 2012).

The table below sets forth an overview over the Group's employees:

	As at 31 December		
	2015	2014	2013
Number of employees	92	51	36

The Group is structured into three distinctive working areas as follows:

- ***Products:*** Deposits, loans (including credit cards) and sales financing,
- ***Support Functions:*** IT, Accounting and Back-Office. The IT organisation consisted as at 31 December 2015 of 26 employees. Furthermore are some of the Company's IT processes outsourced to Prague, Czech Republic.
- ***Control:*** First, second and third line of defence (Controlling, Risk and Compliance).



SELECTED FINANCIAL AND OPERATING INFORMATION

The selected consolidated financial data as at and for the years ended 31 December 2013, 2014 and 2015 set forth below have been derived from TF Bank's audited consolidated financial statements, which were audited by PricewaterhouseCoopers AB, as set forth in their audit report included elsewhere in this Prospectus. TF Bank's audited consolidated financial statements as at and for the years ended 31 December 2013, 2014 and 2015 have been prepared in accordance with IFRS and the Supplementary Accounting Rules for groups RFR 1, issued by the Swedish Financial Reporting Board ("**RFR 1**").

The selected consolidated financial information as at and for the three months ended on 31 March 2016 and 2015 has been derived from TF Bank's interim report for the period 1 January - 31 March 2016, prepared in accordance with IFRS and RFR 1, which has been reviewed by PricewaterhouseCoopers AB as set forth in their review report included elsewhere in this Prospectus.

This Prospectus contains certain financial key ratios which have not been defined in accordance with IFRS, including key ratios such as "Adjusted operating profit after net loan losses", "Adjusted earnings per share" and "Net loan loss ratio" , as well as other financial ratios. Key ratios that are not defined in accordance with IFRS have been used by management to monitor the underlying trend in the Company's business and operations. The financial key ratios that are not calculated in accordance with IFRS are not to be regarded, in particular, as a substitute for net revenue, operating profit/loss, profit/loss for the period, cash flow from operating activities, or other items in the income statement or in the statement of cash flows that are calculated in accordance with IFRS. TF Bank has presented these financial ratios on this Prospectus since the Company believes that they constitute important supplementary key ratios regarding the Company's profit and believe that they are often used by investors for the purpose of comparing the earnings of companies. Since all companies do not use these or other non-IFRS key ratios in the same manner, due to the manner in which the Company's management has chosen to present these financial key ratios it may not be possible to compare the financial key ratios presented in this Prospectus with similar defined concepts used by other companies. Regarding definitions of the financial key ratios presented in this Prospectus which are not calculated in accordance with IFRS, see "*Selected financial and operating information - Derivation of non IFRS-based ratios*".

The selected operating data set forth below has been derived from TF Bank's regularly maintained records and operating systems.

The following information should be read in conjunction with "*Operating and Financial Review*" and TF Bank's audited consolidated financial statements and the reviewed interim report for 1 January - 31 March 2016, including the notes thereto, included elsewhere in this Prospectus.

CONSOLIDATED INCOME STATEMENT

SEK thousand	1 Jan – 31 Mar *(unaudited)*		1 Jan – 31 Dec *(audited)*		
	2016	2015	2015	2014	2013
Operating income					
Interest income	102,001	93,653	385,846	360,136	319,570
Interest expense	(12,154)	(9,285)	(37,602)	(38,567)	(35,035)
Net interest income	**89,847**	**84,368**	**348,244**	**321,569**	**284,535**
Fee and commission income	12,492	10,938	45,882	29,351	10,381
Fee and commission expenses	(1,971)	(1,104)	(5,960)	(3,409)	(2,516)
Net fee and commission income	**10,521**	**9,834**	**39,922**	**25,942**	**7,865**
Net results from financial transactions	236	(34)	(153)	(151)	(21)
Total operating income	**100,604**	**94,168**	**388,013**	**347,360**	**292,379**
General administrative expenses	(33,426)	(26,457)	(118,272)	(86,916)	(66,198)
Depreciation, amortisation and impairment charges of tangible and intangible assets	(1,034)	(1,013)	(4,568)	(3,470)	(3,029)
Other operating expenses	(4,093)	(5,689)	(20,579)	(16,309)	(15,554)
Total operating expenses	**(38,553)**	**(33,159)**	**(143,419)**	**(106,695)**	**(84,781)**
Profit before loan losses	**62,051**	**61,009**	**244,594**	**240,665**	**207,598**
Net loan losses	(27,979)	(30,229)	(108,047)	(113,343)	(97,659)
Items affecting comparability	(6,102)	-	(18,232)	-	-
Operating profit	**27,970**	**30,780**	**118,315**	**127,322**	**109,939**
Income tax expense	(5,227)	(7,623)	(28,906)	(27,779)	(23,615)
Net profit	**22,743**	**23,157**	**89,409**	**99,543**	**86,324**
Net profit attributable to:					
The owners of the Company	24,255	23,715	93,235	99,543	86,324
Non-controlling interests	(1,512)	(558)	(3,826)	-	-
Earnings per share before dilution, SEK	1.13	1.10	4.34	4.63	4.02
Earnings per share after dilution, SEK	1.13	1.10	4.34	4.63	4.02

CONSOLIDATED BALANCE SHEET

SEK thousand	As at 31 March (unaudited) 2016	As at 31 March (unaudited) 2015	As at 31 December (audited) 2015	As at 31 December (audited) 2014	As at 31 December (audited) 2013
ASSETS					
Cash and balances with central banks	29,560	11,265	29,445	4,811	-
Treasury bills eligible for refinancing	60,193	159,965	60,075	159,965	149,669
Loans to credit institutions	755,867	420,283	777,811	485,955	429,358
Loans to the public [1]	2,012,186	1,665,618	1,837,578	1,633,820	1,234,158
Shares and other similar rights of ownership	1,086	-	-	-	-
Goodwill	11,812	-	11,536	-	-
Intangible assets	12,791	6,897	12,406	4,749	4,916
Tangible assets	1,420	1,575	1,516	1,553	1,108
Other assets	2,811	4,239	9,582	10,616	5,209
Current tax assets	8,573	18,982	1,288	19,497	8,034
Deferred tax assets	3,105	382	2,235	-	-
Prepaid expenses and accrued income	24,649	32,710	34,297	31,197	15,605
Total assets	**2,924,053**	**2,321,915**	**2,777,769**	**2,352,163**	**1,848,237**
LIABILITIES AND EQUITY					
Liabilities					
Liabilities to credit institutions	1,917	-	516	-	-
Deposits and borrowings from the public	2,368,305	1,967,859	2,229,562	1,953,403	1,522,288
Other liabilities	17,211	7,850	25,925	65,095	31,911
Current tax liabilities	2,102	-	-	-	-
Deferred tax liabilities	14,242	11,614	14,253	12,146	15,381
Accrued expenses and prepaid income	47,740	37,150	59,280	49,302	39,745
Subordinated liabilities	97,150	-	97,000	-	-
Total liabilities	**2,548,667**	**2,024,473**	**2,426,536**	**2,079,946**	**1,609,325**
Equity					
Share capital (21,500,000 shares with par value of 5 SEK)	107,500	5,000	107,500	5,000	5,000
Other reserves	389	1,003	(673)	1,887	-
Retained earnings	238,445	265,447	144,868	165,787	147,588
Net profit for the period attributable to the owners of the Company	24,255	23,715	93,235	99,543	86,324
Total equity attributable to the owners of the Company	**370,589**	**295,165**	**344,930**	**272,217**	**238,912**
Non-controlling interests	4,797	2,277	6,303	-	-
Total equity [2]	**375,386**	**297,442**	**351,233**	**272,217**	**238,912**
Total equity and liabilities	**2,924,053**	**2,321,915**	**2,777,769**	**2,352,163**	**1,848,237**

[1] *Loans to the public includes both loans extended to customers in the Group's Direct to Consumer segment and as of 1 May 2014, to end customers in the Sales Finance segment.*

[2] *The outstanding number of shares increased from 50,000 to 21,500,000 and the share capital increased from SEK 5,000,000 to SEK 107,500,000 through a share split and a bonus issue on 4 June 2015.*

CONSOLIDATED CASH FLOW STATEMENT

SEK thousand	Three month period ended 31 March *(unaudited)*		Year ended 31 December *(audited)*		
	2016	2015	2015	2014	2013
Cash flow from operating activities	(21,513)	(1,261)	266,070	130,029	342,773
Cash flow from investing activities	(1,599)	(3,183)	(82,370)	(3,747)	(718)
Cash flow from financing activities	1,401	(54,774)	32,900	(54,758)	(84,200)
Cash flow for the period	(21,711)	(59,218)	216,600	71,254	257,855
Cash and cash equivalents at the beginning of the period	**867,331**	**650,731**	**650,731**	**579,207**	**321,353**
Cash and cash equivalents at the end of the period	**845,620**	**591,513**	**867,331**	**650,731**	**579,208**

THE GROUP'S FINANCIAL KEY RATIOS

SEK thousand *(unless otherwise indicated)*	Three month period ended 31 March *(unaudited)*		Year ended 31 December *(audited)*			CAGR in % *(unaudited)*
	2016	2015	2015	2014	2013	2013-2015
Income statement						
Operating income	100,604	94,168	388,013	347,360	292,379	15.2%
Operating income margin [1]	21.5%	22.8%	22.4%	24.2%	23.8%	n/a
Operating profit after net loan losses	27,970	30,780	118,315	127,322	109,939	3.7%
Net profit	22,743	23,157	89,409	99,543	86,324	1.8%
Earnings per share, SEK [2]	1.13	1.10	4.34	4.63	4.02	3.9%
Non IFRS-based financial ratios						
Items affecting comparability [3]	(6,102)	-	(18,232)	-	-	n/a
Adjusted operating profit after net loan losses [4]	34,072	30,780	136,547	127,322	109,939	11.4%
Adjusted income tax expense	(6,569)	(7,623)	(32,917)	(27,779)	(23,615)	18.1%
Adjusted net profit	27,503	23,157	103,630	99,543	86,324	9.6%
Adj. profit attrib. to the owners of the Company [5]	29,015	23,715	107,456	99,543	86,324	11.6%
Adjusted earnings per share, SEK [6]	1.35	1.10	5.00	4.63	4.02	11.6%
Balance sheet						
Loans to the public	2,012,186	1,665,618	1,837,578	1,633,820	1,234,158	22.0%
Deposits from the public	2,368,305	1,967,859	2,229,562	1,953,403	1,522,288	21.0%
Credit volume [7]	574,479	429,841	1,675,309	1,190,859	662,072	59.1%
Other financial key ratios						
Adjusted return on equity, % [8]	33.5%	37.6%	34.5%	39.0%	39.4%	n/a
Net loan loss ratio, % [9]	5.8%	7.3%	6.2%	7.9%	8.0%	n/a
Cost/income ratio, % [10]	38.3%	35.2%	37.0%	30.7%	29.0%	n/a
CET 1 capital ratio, % [11]	14.9%	13.5%	13.9%	13.7%	15.1%	n/a
Total capital ratio, % [12]	19.3%	13.5%	18.2%	13.7%	15.1%	n/a
Employees (FTE) [13]	94	64	78	51	36	47.2%

[1] *Operating income as a percentage of average gross loans to the public. Rolling 12 months.*
[2] *Net profit for the period excluding non-controlling interests divided by average number of outstanding shares. The number of shares increased from 50,000 to 21,500,000 through a share split and bonus issue on 4 June 2015. Earnings per share has been calculated using the new number of shares.*
[3] *Items affecting comparability during 2015 is attributable to transaction costs attributable to the cancelled initial public offering in Frankfurt. The profit has suffered further during the first quarter due to costs related to future potential fund raisings, which are presented as items affecting comparability.*
[4] *Operating profit excluding items affecting comparability.*
[5] *Operating profit for the period excluding items affecting comparability, adjusted for income tax and non-controlling interest.*
[6] *Net profit for the period excluding non-controlling interests and items affecting comparability divided by average number of outstanding shares. The number of shares increased from 50,000 to 21,500,000 through a share split and bonus issue on 4 June 2015. Adjusted earnings per share has been calculated using the new number of shares.*
[7] *The paid-out credit (the cash flow) in the period (for the Sales Finance segment, the volume is reduced by product returns).*
[8] *The result of the period excluding non-controlling interests and items affecting comparability divided with average equity. Rolling 12 months.*
[9] *Net loan losses as a percentage of average loan portfolio. Rolling 12 months.*
[10] *Operating expenses as a percentage of operating income.*
[11] *CET 1 capital as a percentage of total risk exposure amount.*
[12] *Own funds as a percentage of the total risk exposure amount.*
[13] *Average number of full time employees during the period, including employees on parental leave.*

DERIVATION OF NON IFRS-BASED RATIOS

This Prospectus contains certain financial key ratios which have not been defined in accordance with IFRS, including key ratios such as "Adjusted operating profit after net loan losses"," Adjusted earnings per share" and "Net loan loss ratio" , as well as other financial ratios. Key ratios that are not defined in accordance with IFRS have been used by management to monitor the underlying trend in the Company's business and operations. The financial key ratios that are not calculated in accordance with IFRS are not to be regarded, in particular, as a substitute for net revenue, operating profit//loss, profit/loss for the period, cash flow from operating activities, or other items in the income statement or in the statement of cash flows that are calculated in accordance with IFRS. TF Bank has presented these financial ratios on this Prospectus since the Company believes that they constitute important supplementary key ratios regarding the Company's profit and believe that they are often used by investors for the purpose of comparing the earnings of companies. Since all companies do not use these or other non-IFRS key ratios in the same manner, due to the manner in which the Company's management has chosen to present these financial key ratios it may not be possible to compare the financial key ratios presented in this Prospectus with similar defined concepts used by other companies. See below for definitions of the financial key ratios presented in this Prospectus which are not calculated in accordance with IFRS.

	Three month period ended 31 March *(unaudited)*		Year ended 31 December *(audited)*			CAGR in % *(unaudited)*
SEK thousand *(unless otherwise indicated)*	2016	2015	2015	2014	2013	2013-2015
Operating profit	27,970	30,780	118,315	127,322	109,939	3.7%
Items affecting comparability	(6,102)	-	(18,232)	-	-	n/a
Adjusted operating profit after net loan losses, net	**34,072**	**30,780**	**136,547**	**127,322**	**109,939**	**11.5%**
Adjusted income tax expense	(6,569)	(7,623)	(32,917)	(27,779)	(23,615)	18.1%
Adjusted net profit for the period	27,503	23,157	103,630	99,543	86,324	9.6%
Non-controlling interest	(1,512)	(558)	(3,826)	-	-	n/a
Adjusted total net profit for the period attributable to the owners of the Company	**29,015**	**23,715**	**107,456**	**99,543**	**86,324**	**11.6%**
Adjusted earnings per share, SEK [1]	**1.35**	**1.10**	**5.00**	**4.63**	**4.02**	**11.6%**

[1] *Net profit for the period excluding non-controlling interests and items affecting comparability divided by average number of outstanding shares. The number of shares increased from 50,000 to 21,500,000 through a share split and bonus issue on 4 June 2015. Adjusted earnings per share has been calculated using the new number of shares.*

SEGMENT DATA
Direct to Consumer segment

SEK thousand *(unless otherwise indicated)*	Three month period ended 31 March *(unaudited)*		Year ended 31 December *(audited)*		
	2016	2015	2015	2014	2013
Income statement					
Operating income	85,115	76,739	321,534	296,654	292,379
Operating profit	34,361	28,441	130,434	109,631	109,939
Operating profit attributable to the owners of the Company	34,361	28,441	130,434	109,631	109,939
Financial key ratios					
Cost/income ratio, % [1]	32.9%	31.9%	32.8%	30.7%	29.0%
Credit volume [2]	338,093	190,389	844,879	668,594	662,072

[1] *Operating expenses as a percentage of operating income.*
[2] *The paid-out credit in the period (the cash flow).*

SEK thousand *(unless otherwise indicated)*	As at 31 March *(unaudited)*	As at 31 December *(audited)*		
	2016	2015	2014	2013
Balance sheet				
Loans to the public	1,629,106	1,487,235	1,276,109	1,234,158

Sales Finance segment

SEK thousand *(unless otherwise indicated)*	Three month period ended 31 March *(unaudited)*		Year ended 31 December *(audited)*		
	2016	2015	2015	2014	2013
Income statement					
Operating income	15,489	17,429	66,479	50,706	-
Operating profit	(289)	2,339	6,113	17,691	-
Operating profit attributable to the owners of the Company	1,649	3,055	11,005	17,691	-
Financial key ratios					
Cost/income ratio, % [1]	68.1%	50.0%	57.1%	30.5%	-
Credit volume [2]	236,385	239,452	830,430	522,265	-

[1] *Operating expenses as a percentage of operating income.*
[2] *The paid-out credit in the period (the cash flow). The volume is reduced by product returns.*

SEK thousand *(unless otherwise indicated)*	As at 31 March *(unaudited)*	As at 31 December *(audited)*		
	2016	2015	2014	2013
Balance sheet				
Loans to the public [1]	383,080	350,343	357,711	-

[1] *Loans to the public includes loans to end customers from the 1 May 2014.*

OPERATING AND FINANCIAL REVIEW

The following commentary should be read together with the "*Selected Financial and Operating Information*" and the Company's audited consolidated financial statements as at and for the years ended 31 December 2013, 2014 and 2015 and the reviewed interim report for the period 1 January – 31 March 2016, as well as the related notes thereto, included elsewhere in this Prospectus. The Company's audited consolidated financial statements as at and for the years ended 31 December 2013, 2014 and 2015 and the reviewed interim report for the period 1 January – 31 March 2016 have been prepared in accordance with IFRS and RFR 1.

This section may contain "forward looking statements". Such statements are subject to risks, uncertainties and other factors, including those set forth under "*Risk Factors*", which could cause the Company's future results of operations, financial position or cash flows to differ materially from the results of operations, financial position or cash flows expressed or implied in such forward looking statements. See "*Important information – Forward looking statements*" for information on risks associated with reliance on forward looking statements.

INTRODUCTION

TF Bank is an online-based niche bank offering consumer banking services through a highly automated, in-house developed IT-platform. The Company's IT platform is designed for scalability and adaptability to different products, jurisdictions, currencies and digital banking solutions. TF Bank conducts banking operations with deposits and lending to retail customers in Sweden and Finland, lending to retail customers in Norway and Poland as well as cross-border lending in Denmark, Estonia and Latvia.

As at 31 March 2016, TF Bank had an outstanding loan portfolio of SEK 2,012 million. TF Bank has grown its total operating income from SEK 272 million in 2012 to SEK 388 million in 2015, corresponding to a compounded annual growth rate of 13%. As at 31 March 2016, the Group had a total of 1.1 million active customers in its two segments and a combined 1.7 millions of user profiles for scoring in its database.

The Group has during the last 20 years expanded geographically from its headquarters in Borås, Sweden, and now also operates local offices in Norway, Finland, Estonia and Poland. Since its incorporation TF Bank has had a strong track-record of profitable growth.

KEY FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS

The Company believes that the following factors have affected the Group's results of operations in the past three financial years and during the first three months of 2016, and may continue to affect its business, results of operations and financial condition going forward. The impact of these and other factors may vary significantly in the future.

Macroeconomic development

TF Bank is geographically diversified and has operations in Sweden, Finland, Norway, Denmark, Estonia, Latvia and Poland. The macroeconomic development in these markets consequently affects the Group's results of operations and operating income. In particular, the macroeconomic development affects the demand for the Group's products as well as the performance of its loan portfolio.

The general economic development, and in particular consumer confidence, interest rates and the availability and cost of funding drive consumer spending and the demand for TF Bank's products and services. Moreover, high levels of unemployment may reduce the number of customers who qualify for Direct to Consumer loans or Sales Finance products. Adverse economic conditions could also materially reduce the ability of customers to repay their debts. Due to the large number of loans with small average loan sizes offered by the Group, the Company considers that the Group is less affected by an economic slowdown compared to many of its peers that offer substantially larger loans. This is confirmed by the Company's positive loan portfolio and operating profit development during the period 2008-2010. Furthermore, the Group's geographical diversity contributes to reduce the concentration risk of the portfolio.

TF Bank's operations are to a large extent driven by the relation between the interest rates it charges on its consumer loans and its cost of funding. Market interest rates are driven by factors outside TF Bank's control, including governmental fiscal policies as well as European and global economic and political conditions. The market interest rates determine to some extent the interest rate TF Bank can set for its consumer loans and credit cards as well as what interest rate the Group pays on its savings account products or for other sources of funding. For example, in a situation with higher interest rates, the Group will need to increase the interest rates on its saving accounts or pay more for external financing, which would increase its cost of funding. To maintain its profitability in such a situation, TF Bank would have to offset the higher cost of funding by charging higher interest rates on its loan products.

Development of customer base and loan portfolio

The ability to generate operating income is largely dependent on the size of the Company's loan portfolio. The development of the loan portfolio is driven by new lending and the Company's ability to generate loans from existing and new customers. The Company drives growth of its loan portfolio by expanding its customer base through organic growth, offering new products on existing markets and entering new geographical markets. The growth is dependent on TF Bank's ability to identify, and to increase its lending to customers who meet its credit quality criteria. The Company's loans are offered via various distribution channels, including through the Group's own websites, through loan brokers and partners. Moreover, the Group leverages its large Sales Finance customer base to cross-sell consumer loans and, potentially in the future, credit cards and other products. Sales Finance customers are encouraged to apply for consumer loans via telemarketing, direct mail, email and notices in their monthly Sales Finance invoices. As at 31 March 2016, the Group had a total of 1.1 million active customers in its two segments and a combined 1.7 millions of active user profiles for scoring in its database.

In April 2014, the Group acquired its Sales Finance business through the purchase of all outstanding loan receivables and other assets from Consortio Fashion Group AB and other entities which are owned by the same ultimate shareholders that also control TF Bank. The Sales Finance segment was not part of the Group's business until the end of April 2014.

The growth in the Sales Finance segment is driven by the Company's ability to identify and sign up merchants outside the Nordics region and through the Avarda joint venture with Intrum Justitia in the Nordic region and independently outside the Nordic region. . Moreover, the development of the Sales Finance segment will be driven by the segment's merchants' success in developing and growing their respective businesses and by how many customers opt to purchase goods via sales finance. The Group has signed up 23 merchants as at the date of this Prospectus.

The Group has continued its geographic growth in the Direct to Consumer segment during 2015, by acquiring the Norwegian company BB Finans, which have resulted in an increased loan portfolio, especially because of the significant growth rates in the loan portfolio in Norway following the acquisition.

The Group's results of operations are subject to country-specific conditions with respect to the national markets in which the Group operates. In such markets, the level of satisfaction with the Group's products, the customer demand, the ability of the Group to successfully market new and existing products or the ability to retain and further expand its customer base in its markets affects the development of the Group's customer base and loan portfolio. Moreover, the Group's operations are affected by the legal framework in the countries where it operates.

A key driver of the Group's loan portfolio and its total operating income during the preceding years has been its expansion into new markets, in particular Poland and Norway. When entering new markets, TF Bank tries to minimise costs by initiating cross-border activities and once the Company has grown its loan portfolio to reach a critical mass, local presence is established. During the first quarter in 2016 new lending in Poland and Norway in particular contributed to the strong growth in the loan portfolio.

The table below sets forth TF Bank's loan portfolio per country as at the dates indicated.

SEK thousand	As at 31 March	As at 31 December		
		2015	2014	2013
Sweden	659,428	654,684	709,008	585,089
Finland	726,005	659,977	647,272	514,394
Norway	311,631	227,813	33,207	16,542
Denmark	36,703	34,007	31,253	-
Estonia	179,766	174,297	148,514	100,381
Latvia	1,710	1,522	1,182	-
Poland	96,943	85,278	62,803	9,656
Total	**2,012,186**	**1,837,578**	**1,633,239**	**1,226,062**

Development of operating income margin

TF Bank generates its net interest income from consumer loans and sales finance loans. The ability to increase operating income and profitability is affected by the margins TF Bank can generate on its lending activities. TF Bank's margins are driven by the interest income generated through its loan products relative to the Company's interest expense, which includes the cost of funding of both its loan portfolio and its liquidity reserve.

The interest income generated through the Group's loan products is driven by the interest rates and fees that it charges to customers as well as transaction costs, such as commission to brokers and merchants, which are recorded as net against interest income. The rates charged are variable and TF Bank can change them depending on current market conditions and changes in the Company's cost of funding. For new loans, TF Bank sets the interest rates and fees that it offers based on various factors, including geography, customer type, its cost of funding, reference rates, transaction costs and competitive and regulatory environment. Transactions costs are also variable and largely driven by the competitive environment in the respective markets.

TF Bank's cost of funding is largely dependent on the interest rates on the Company's saving accounts and other sources of funding such as issued bonds. TF Bank's saving account products also have variable interest rates, which the Company adjusts based on various factors, including its funding needs, market interest rates and competitive environment.

While TF Bank's ability to adjust interest rates and fees on its existing loans promotes stable net interest margins for the respective segments, there is a risk that the Company will not be able to re-price its variable rate assets and liabilities at the same time, giving rise to re-pricing gaps in the short or medium term. Such delays in re-pricing loans given to customer may, inter alia, occur due to TF Bank having an obligation to notify customers in advance of increases in interest rates.

The Company's average lending rate, defined as interest income divided by average loan portfolio, was 22.2% and 25.1% in 2015 and 2014 respectively. The average interest rate on deposits, defined as interest expense divided by average deposits, was 1.8% and 2.2% in 2015 and 2014 respectively.

The table below sets forth TF Bank's operating income margin and net interest margin for the periods indicated.

%	Three month period ended 31 March		Year ended 31 December		
	2016	2015	2015	2014	2013
Operating income margin	21.5%	22.8%	22.4%	24.2%	23.8%
Net interest margin	18.9%	20.3%	19.6%	21.9%	22.6%

Product mix

TF Bank's product mix and the contribution of each segment to the total loan book, operating income and operating expenses impact the Company's results of operations. This is driven by the two segments having different financial characteristics, including loan sizes and durations as well as interest rates, sales and marketing expenses and net loan losses.

The Direct to Consumer segment's operating income primarily includes interest income and generates only a low share of fee and commission income compared to the Sales Finance segment. The loans related to the Direct to Consumer segment typically also have higher margins, larger loan sizes, longer durations and slightly higher default rates than the Sales Finance loan book. TF Bank's net interest margin and C/I-ratio is strongly affected by its product mix.

The tables below sets forth operating income and C/I-ratio in total and a break down between the two segments for the periods indicated. Note that the Sales Finance segment is affected by start up costs related to Avarda.

SEK thousand	Three month period ended 31 March	Year ended 31 December		
		2015	2014	2013
Direct to Consumer	85,115	321,534	296,654	292,379
Sales Finance	15,489	66,479	50,706	-
Total	**100,604**	**388,013**	**347,360**	**292,379**

%	Three month period ended 31 March	Year ended 31 December		
		2015	2014	2013
Direct to Consumer	32.9%	32.8%	30.7%	29.0%
Sales Finance	68.1%	57.1%	30.5%	-
Total	**38.3%**	**37.0%**	**30.7%**	**29.0%**

Operational efficiency

The Company strives to operate highly cost efficient operations. The development of TF Bank's cost base, including personnel and administrative expenses, has a direct impact on the Company's profits. Historically, the Company has managed to maintain a low cost base in relation to total income and the Company sees large potential in maintaining a low level. Contributing particularly strongly to this is TF Bank's IT platform, which the Company considers to be well invested, highly scalable and flexible. Further, the Company believes that the platform, in its current form, supports significant increased transaction volumes from existing products and can be integrated or adapted to support new partners and new product offerings. The Group's IT platform includes an advanced risk-scoring model developed over multiple years. Core processes like credit origination, credit scoring and data warehousing are handled with modern in-house solutions in Sweden, which give the Group the flexibility to act fast in a changing market.

The Group has centralised back office (including finance and IT) in Borås, Sweden, and local front offices in most of the other geographic markets. The Group's centralised infrastructure platform is highly scalable and flexible, which makes it adaptable to new conditions, both products and markets. The infrastructure is designed with common core functionality for all countries and smaller country-specific adaptations. In addition, TF Bank uses a consistent data warehouse structure in all countries, which also enables a high degree of scalability. The centralised platform has allowed TF Bank to cost efficiently scale its lending operations from the start in Sweden to the other six markets where the Group currently operates. This enables the Group to be close to the customers and to maintain efficient sales and marketing.

The costs have increased since 2013 driven primarily by the cost base relating to the Sales Finance segment, start-up costs for Avarda and establishment of a branch in Poland as well as general cost growth.

The table below sets forth the total cost development and C/I-ratio for the periods indicated in SEK.

SEK thousand	Three month period ended 31 March		Year ended 31 December		
	2016	2015	2015	2014	2013
General administrative expenses	(33,426)	(26,457)	(118,272)	(86,916)	(66,198)
Depreciation and amortisation of tangible and intangible assets	(1,034)	(1,013)	(4,568)	(3,470)	(3,029)
Other operating expenses	(4,093)	(5,689)	(20,579)	(16,309)	(15,554)
Total operating expenses	**(38,553)**	**(33,159)**	**(143,419)**	**(106,695)**	**(84,781)**
C/I-ratio, %	38.3%	35.2%	37.0%	30.7%	29.0%

Net loan losses

Changes in TF Bank's net loan losses significantly affect its results of operations. The table below sets forth a break-down of TF Bank's net loan losses and net loan loss ratio for the periods indicated.

SEK thousand	Three month period ended 31 March		Year ended 31 December		
	2016	2015	2015	2014	2013
Change in provisions for sold non-performing loans	(23,673)	(27,791)	(96,394)	(106,570)	(100,038)
Realised loan losses	(3,821)	(5,035)	(17,149)	(15,060)	(11,246)
Recovered from previous write-offs	1,404	1,947	8,293	8,128	8,582
Change in provision for other loan losses	(1,889)	650	(2,797)	159	5,043
Net loan losses	**(27,979)**	**(30,229)**	**(108,047)**	**(113,343)**	**(97,659)**
Net loan loss ratio [1]	**5.8%**	**7.3%**	**6.2%**	**7.9%**	**8.0%**

[1] *Net loan losses divided by average loans to the public. Rolling 12 months.*

The level of the Group's net loan losses are affected by macroeconomic conditions discussed in "*–Macroeconomic development*". Changes in the macroeconomic environment could result in a higher frequency and severity of net loan losses. The level of net loan losses can also be affected by various other factors, including: (i) the credit quality of TF Bank's loan portfolio, which, in turn, is affected by the effectiveness of TF Bank's credit risk management policies and procedures, (ii) various factors outside the Company's control, including macroeconomic conditions; (iii) seasonality (TF Bank experiences volatility between quarters in net loan losses, with the first quarter of the year tending to have a higher net loan losses), (iv) TF Bank's ability to find buyers of its non-performing loans and the price they are willing to pay for the non-performing loans, (v) the product mix of the loan portfolio, (vi) the effectiveness and efficiency of TF Bank's internal and external debt collection agencies, and (vii) accounting rules and TF Bank's provisioning model.

The Group's credit approval process has high standards regarding ethics, quality and control. Despite credit risk being the largest risk exposure for the Group, the provision for loan losses is small in proportion to the outstanding loan volume. This is because the Group regularly sells non-performing loans to debt collection agencies when the Company considers the price level to be favourable compared to keeping the non-performing loans on the balance sheet. This is currently the case for most of the markets. This implies that the Group continuously realises actual loan losses through sales of non-performing loans. The Group disposes of practically all non-performing loans which are at 69 days past due (except in Norway and Estonia, where a majority of debt collection is handled in-house, and with limited exceptions regarding the timing of disposal in other countries).

The Group's net loan loss ratio has decreased each year since 2013 due to improved credit quality in both the Direct to Consumer and Sales Finance segment.

Exchange rate effects

As a consequence of the Group's operations outside Sweden, primarily in the Nordic and Baltic markets, the Company's interest income and results of operations is exposed to exchange rate fluctuations, particularly exchange rate changes between SEK (TF Bank's reporting currency) and EUR, PLN, DKK and NOK. In 2015, 35.6% of total income was in SEK, 45.5% in EUR, 4.6% in PLN, 1.9% in DKK and 12.4% in NOK. Currency risk arises when future business transactions or recognised assets or liabilities are expressed in a currency that is not the Group's functional currency. The Group uses swap contracts for EUR, NOK, DKK and PLN to manage the currency risk that arises from assets and liabilities in other currencies than the functional currency. The swap contracts typically have maturities of one or three months in order to minimise the impact on earnings from changes in exchange rates. In case of weakening or strengthening of SEK by 10% against each currency exposure, holding all other variables constant, the impact on the consolidated total comprehensive income in 2015 (excluding the tax effect) from assets and liabilities in a currency that is not the Group's presentation currency is illustrated in the table below.

SEK thousand	EUR	NOK	DKK	PLN
+/–10% in comparison with SEK	+/–657	+/–77	+/–26	+/–100

SIGNIFICANT EVENTS AFTER 31 MARCH 2016

- In April 2016 TF Bank disbursed 9.7 million SEK in shareholder contributions to Avarda.
- On 12 April 2016 the annual general meeting decided upon a dividend corresponding to SEK 0.45 per share.
- The annual general meeting also decided to adopt new articles of association as well as an incentive program for certain senior executives.
- From 2 May 2016 the deposit rate in Sweden was lowered with 0.2 percentage points to 0.7%.

EXPLANATION OF KEY INCOME STATEMENT ITEMS IN THE GROUP'S IFRS FINANCIAL STATEMENTS

Net interest income

Net interest income consists of the net sum of interest income and interest expense.

Interest income consists of interest income on loans to the public in both the Group's segment and is the principal income source for the Group. Interest income also includes transactions costs which are reported as net against interest income.

Interest expense relates to interest expense paid to the public on saving accounts, interest expense paid to credit institutions, mainly for drawings and fees on the Group's credit facility and certain other financial expenses.

Net fee and commission income

Net fee and commission income consists of fee and commission income and fee and commission expenses.

Fee and commission income includes insurance commissions (payment protection insurance), reminder fees from consumer loans and credit cards as well as income from debt collection business. Payment protection insurance relates to insurance which the Group offers customers to cover loan repayments in case of for example unemployment. In general, a customer is eligible to apply for insurance if the person is over 18, have had full-time employment for at least six months and not subject to a redundancy notice. The payment protection insurance covers the customers' loan payments if they become incapacitated or unemployed. It also covers death or hospitalisation if the customer is over 64. Fee and commission income is reported depending on the purpose for which the fee is charged. Fees are reported as income as the services are provided. In 2015, fee and commission income related to insurance commissions (44.5%) reminder fees (52.8%) and other fee and commission income (2.7%).

Fee and commission expenses relate to the services and fees attributable to transfer of payment protection insurance and are reported in the period in which the services are received.

Fee and commission income and income from fees related to financial instrument that are a part of the APR for financial instruments that are valued at the amortised historical cost are accrued over the instrument's expected duration time using the APR method and presented in net interest income.

Net result from financial transactions

Net results of financial transactions relate to foreign exchange revaluation of assets and liabilities in a foreign currency as well as changes in the fair value of the derivatives related to foreign currency derivative hedge.

General administrative expenses

General administrative expenses include staff costs (salaries and other remuneration, social security costs, pension costs and other staff costs), postage and telephone expenses, IT costs, external debt collection costs, costs for information services and customer communication, rents and premises as well as other expenses (e.g. travel expenses, payments for credit information, consulting fees or audit and legal fees).

Depreciation, amortisation and impairment charges of tangible and intangible assets

This line item refers to amortisation of intangible assets and depreciation of tangible assets as well as any potential impairment costs. There have been no impairments of any intangible or tangible assets since 2013.

Other operating expenses

Other operating expenses include marketing costs which are not included in the transaction costs.

Net loan losses

Net loan losses consists of changes in provisions for sold non-performing loans, realised loan losses, and changes in provisions for other loan losses. Recovered amounts from previous write-offs are positively affecting net loan losses.

Income tax expense

The current legal structure of the Group is principally paying according to the corporate tax rate in Sweden, which is

22%. The branches in Finland and Poland pay corporate tax in the respective countries, but due to tax legislation these payments are settled in Sweden and the corporate tax rate is, as a result, also 22%, although different tax rates apply in Finland and Poland. Operations in other countries, such as Denmark, Estonia and Latvia, are executed within TF Bank and thus the Swedish tax rate 22% is applicable. There are, however, three companies in the current legal structure of the Group which are exposed to foreign corporate tax rates: BB Finans (including its subsidiaries), Avarda Oy and TFB Service OÜ. The Norwegian corporate tax rate for BB Finans is 27%, the Finnish corporate tax rate for Avarda Oy is 20% and the Estonian tax rate for TFB Service OÜ is 0% although there is a tax rate of 20% at the time of distribution of profits to shareholders. The average corporate tax rate for the years 2013-2015 is presented in the table below.

%	2015	2014	2013
Average corporate tax rate for the Group	24.4%	21.8%	21.5%

Non-controlling interests

The Group and Intrum Justitia have partnered in a joint venture, Avarda. Avarda started initial operations in March 2015. As a result, the income statement and balance sheet of the Company includes a line “non-controlling interests”.

COMPARISON OF THE GROUP'S RESULTS OF OPERATIONS FOR THE THREE MONTH PERIODS ENDED 31 MARCH 2015 AND 2016

	Three month period ended 31 March	
SEK thousand	2016	2015
Interest income	102,001	93,653
Interest expense	(12,154)	(9,285)
Net interest income	**89,847**	**84,368**
Fee and commission income	12,492	10,938
Fee and commission expense	(1,971)	(1,104)
Net fee and commission income	**10,521**	**9,834**
Net result from financial transactions	236	(34)
Total operating income	**100,604**	**94,168**
General administrative expenses	(33,426)	(26,457)
Depreciation, amortisation and impairment charges of tangible and intangible assets	(1,034)	(1,013)
Other operating expenses	(4,093)	(5,689)
Total operating expenses	**(38,553)**	**(33,159)**
Profit before loan losses	**62,051**	**61,009**
Net loan losses	(27,979)	(30,229)
Items affecting comparability	(6,102)	-
Operating profit	**27,970**	**30,780**
Income tax expense	(5,227)	(7,623)
Net profit for the period	**22,743**	**23,157**
Non-controlling interests	1,512	558
Net profit for the period attributable to the owners of the Company	**24,255**	**23,715**

Net interest income

Net interest income increased from SEK 84.4 million in the first three months of 2015 to SEK 89.8 million in the first three months of 2016. The growth comes mainly from the Direct to Consumer segment.

Net fee and commission income

Net fee and commission income increased from SEK 9.8 million in the first three months of 2015 to SEK 10.5 million in the same period for 2016. Income from insurance premiums in the Direct to Consumer segment contributed to the increase from the first quarter of 2015.

General administrative expenses

General administrative expenses increased from SEK 26.5 million in the first three months of 2015 to SEK 33.4 million in the same period 2016. This increase comes mainly from the Direct to Consumer segment.

Depreciation, amortisation and impairment charges of tangible and intangible assets

Depreciation, amortisation and impairment charges of tangible and intangible assets was SEK 1.0 million in the first three months of 2015 and SEK 1.0 million in the same period 2016.

Other operating expenses

Other operating expenses decreased from SEK 5.7 million in the first three months of 2015 to SEK 4.1 million in the same period of 2016. This decrease was partly attributable to less marketing activities.

Net loan losses

Net loan losses amounted to SEK 28.0 million in the first three months of 2016, compared to SEK 30.2 million in the same period of 2015. Net loan losses in the Direct to Consumer segment decreased from SEK 23.8 million in the first three months of 2015 to SEK 22,7 million in the same period of 2016 as a result of increased credit quality. Compared to the first quarter of 2015, the Group receives a higher price in the continuous sale of receivables that goes to debt collection in the Swedish and Finnish market.

Items affecting comparability

The items affecting comparability amounted SEK 6.1 million in the first three months of 2016 compared to SEK 0 in the same period of 2015. The items affecting comparability is attributable to the cost of preparing and initiating the initial public offering.

Operating profit

Operating profit decreased from SEK 30.8 million in the first three months of 2015 to SEK 28.0 million in the same period of 2016. This development was principally the result of items affecting comparability. Operating profit was negatively impacted by Avarda start-up costs in 2015.

Income tax expense

Income tax expense totalled SEK 5.2 million in the first three months of 2016, compared to SEK 7.6 million in the same period of 2015. This decrease is primarily a result of the lower operating profit. The operating profit decreased with 9.1% which reduces the income tax expense with SEK 0.6 million, and income tax effects attributable to the change of value of unrealised foreign currency derivative hedge responds to SEK 1.6 million of the cost reduction.

Non-controlling interests

The Group's joint venture Avarda with Intrum Justitia started its initial operations in March 2015. As part of these initial operations, certain expenses resulted in a loss for Avarda. As a result, a loss of SEK 1.5 million was attributed to Intrum Justitia's minority interest in Avarda's net profit in the first three months of 2016.

COMPARISON OF THE GROUP'S RESULTS OF OPERATIONS FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2015

The table below sets forth the Group's consolidated income statement for the years ended 31 December 2014 and 2015 prepared in accordance with IFRS:

SEK thousand	Year ended 31 December	
	2015	2014
Interest income	385,846	360,136
Interest expense	(37,602)	(38,567)
Net interest income	**348,244**	**321,569**
Fee and commission income	45,882	29,351
Fee and commission expense	(5,960)	(3,409)
Net fee and commission income	**39,922**	**25,942**
Net result from financial transactions	(153)	(151)
Total operating income	**388,013**	**347,360**
General administrative expenses	(118,272)	(86,916)
Depreciation, amortisation and impairment charges of tangible and intangible assets	(4,568)	(3,470)
Other operating expenses	(20,579)	(16,309)
Total operating expenses	**(143,419)**	**(106,695)**
Profit before loan losses	**244,594**	**240,665**
Net loan losses	(108,047)	(113,343)
Items affecting comparability	(18,232)	-
Operating profit	**118,315**	**127,322**
Income tax expense	(28,906)	(27,779)
Net profit for the year	**89,409**	**99,543**
Non-controlling interests	3,826	-
Net profit for the year attributable to the owners of the Company	**93,235**	**99,543**

Net interest income

Net interest income increased from SEK 321.6 million in 2014 to SEK 348.2 million in 2015. The principal reason for this increase was the growth in interest income from SEK 360.1 million to 385.8 million, while the Group managed to lower its interest expense. The growth in interest income was driven by the full-year effect from the integration of the Sales Finance segment at the end of April 2014 as well as growth in the Direct to Consumer segment, primarily related to the acquisition of BB Finans in Norway and local presence in Poland. BB Finans contributed with approximately SEK 8 million to the Group net interest income in 2015. The growth was partially offset by a decrease in interest income in Sweden. Interest expense decreased slightly from SEK 38.6 million in 2014 to SEK 37.6 million in 2015 due to lower market interest rates in 2015.

Net fee and commission income

Net fee and commission income increased from SEK 25.9 million in 2014 to SEK 39.9 million in 2015, due to increasing contribution from both business segments. The increase in the Sales Finance segment was primarily due to the full-year effect from the integration in April 2014, while the increase in the Direct to Consumer segment was primarily due to increased insurance premiums in Finland and Poland.

Net result from financial transactions

Net result from financial transactions was stable during the year, increasing from a cost of SEK 151 thousand in 2014 to SEK 153 thousand in 2015. The low amount reflects that assets and liabilities in a foreign currency, including derivatives, are matched.

General administrative expenses

General administrative expenses increased from SEK 86.9 million in 2014 to SEK 118.3 million in 2015. The number of employees increased by 53% in 2015 due to, inter alia, the BB Finans acquisition, the establishment of the Polish branch and further build-up of central functions within the Group. The Sales Finance segment's general expenses increased from SEK 14.9 million to SEK 36.2 million due to the full-year effect as well as start-up costs related to the Avarda joint venture.

Depreciation, amortisation and impairment charges of tangible and intangible assets

Depreciation, amortisation and impairment charges of tangible and intangible assets in 2015 totalled SEK 4.6 million compared to SEK 3.5 million in 2014.

Other operating expenses

Other operating expenses totalled SEK 20.6 million in 2015, compared to SEK 16.3 million in 2014. This increase was principally attributable to increased marketing activities during the year, as well as start-up costs related to Avarda.

Net loan losses

Net loan losses amounted to SEK 108.0 million in 2015, compared to SEK 113.3 million in 2014, despite growing the portfolio of loans to the public, primarily due to increased credit quality in both the Direct to Consumer segment and the Sales Finance segment resulting in a decrease in net loan loss ratio to 6.2% in 2015 from 7.9% in 2014.

Items affecting comparability

The items affecting comparability amounted SEK 18.2 million 2015 compared to 0 SEK in 2014. The items affecting comparability is attributable to transaction costs for the cancelled initial public offering in Frankfurt.

Operating profit

Operating profit decreased from SEK 127.3 million in 2014 to SEK 118.3 million in 2015. Avarda had a negative impact of SEK 10 million during 2015. The Group was during 2015 also affected by non-recurring cost items amounting to SEK 18.2 million. Adjusted for such items affecting comparability, operating profit increased by SEK 9.2 million to SEK 136.5 million.

Income tax expense

Income tax expense totalled SEK 28.9 million in 2015, compared to SEK 27.8 million in 2014. The increase was primarily due to tax effects from non-deductible expenses (derivatives).

COMPARISON OF THE GROUP'S RESULTS OF OPERATIONS FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2014

The table below sets forth the Group's consolidated income statement for the years ended 31 December 2013 and 2014 prepared in accordance with IFRS:

SEK thousand	Year ended 31 December 2014	Year ended 31 December 2013
Interest income	360,136	319,570
Interest expense	(38,567)	(35,035)
Net interest income	**321,569**	**284,535**
Fee and commission income	29,351	10,381
Fee and commission expense	(3,409)	(2,516)
Net fee and commission income	**25,942**	**7,865**
Net result from financial transactions	(151)	(21)
Total operating income	**347,360**	**292,379**
General administrative expenses	(86,916)	(66,198)
Depreciation, amortisation and impairment charges of tangible and intangible assets	(3,470)	(3,029)
Other operating expenses	(16,309)	(15,554)
Total operating expenses	**(106,695)**	**(84,781)**
Profit before loan losses	**240,665**	**207,598**
Net loan losses	(113,343)	(97,659)
Operating profit	**127,322**	**109,939**
Income tax expense	(27,779)	(23,615)
Net profit for the year	**99,543**	**86,234**

Net interest income

Net interest income increased from SEK 284.5 million in 2013 to SEK 321.6 million in 2014. The principal reason for this increase was the growth in interest income from SEK 319.6 million in 2013 to SEK 360.1 million in 2014. The increase was primarily related to the integration of the Sales Finance segment at the end of April 2014. As a result of the acquisition, net interest income of SEK 36.7 million for the period from 1 May 2014 to 31 December 2014 was included in the Group's net interest income. In contrast, net interest income in the Direct to Consumer segment only increased slightly from SEK 284.5 million to SEK 284.8 million principally due to a decrease in net interest income contribution from the competitive market in Sweden. However, the Group expanded geographically during the year and established local presence in for example Poland, resulting in build-up of database and market knowledge build-up and a strong position for future development in the market.

Interest expenses increased from SEK 35.0 million in 2013 to SEK 38.6 million during 2014. Interest expenses to the public remained stable at SEK 33.9 million as a consequence of lowering the interest rates paid on deposits, even though deposit volumes increased by SEK 431.1 million during the year. The main cause of the SEK 3.6 million increase in interest expense was increasing financial expense as a result of swap rate differences between STIBOR and EURIBOR.

Net fee and commission income

Net fee and commission income increased from SEK 7.9 million in 2013 to SEK 25.9 million in 2014. The strong increase was mostly the result of increases in reminder fees due to the new Sales Finance segment and increasing insurance premiums in the Direct to Consumer segment due to local expansion to Poland.

Net result from financial transactions

Net result from financial transactions was stable during the year, increasing from a cost of SEK 21 thousand in 2013 to SEK 151 thousand in 2014. The low amount reflects that assets and liabilities in a foreign currency, including derivatives, are matched.

General administrative expenses

General administrative expenses increased from SEK 66.2 million in 2013 to SEK 86.9 million in 2014. This increase was primarily due to increasing staff costs and general expenses related to the Sales Finance segment. Staff costs increased from SEK 23.8 million to SEK 31.4 million principally as a result of an increase in headcount due to the geographic expansion of the Group.

Depreciation, amortisation and impairment charges of tangible and intangible assets

Depreciation, amortisation and impairment charges of tangible and intangible assets in 2014 totalled SEK 3.5 million compared to SEK 3.0 million in 2013.

Other operating expenses

Other operating expenses include for example marketing expenses for the Group which are not included in transaction costs, and remained stable in 2014 compared to 2013, totalling SEK 16.3 million compared to SEK 15.6 million.

Net loan losses

Net loan losses amounted to SEK 113.3 million in 2014, compared to SEK 97.7 million in 2013, primarily related to growth in loans to the public. The Group's net loan loss ratio remained stable and amounted to 7.9% in 2014 compared to 8.0% in 2013.

Operating profit

Operating profit increased from SEK 109.9 million in 2013 to SEK 127.3 million in 2014. This increase was principally the result of the integration of the Sales Finance segment into the Group as at 1 May 2014.

Income tax expense

Income tax expense totalled SEK 27.8 million in 2014, compared to SEK 23.6 million in 2013. This increase was primarily a result of the growth in operating profit.

CASH FLOW

The table below summarises the Group's cash flows for the three month periods ended 31 March 2015 and 2016 and for the years ended 31 December 2013, 2014 and 2015:

SEK thousand	Three month period ended 31 March		Year ended 31 December		
	2016	2015	2015	2014	2013
Cash flow from operating activities	(21,513)	(1,261)	266,070	130,029	342,773
Cash flow from investing activities	(1,599)	(3,183)	(82,370)	(3,747)	(718)
Cash flow from financing activities	1,401	(54,774)	32,900	(54,758)	(84,200)
Cash flow for the period	(21,711)	(59,218)	216,600	71,254	257,855
Cash and cash equivalents at the beginning of the period	**867,331**	**650,731**	**650,731**	**579,207**	**321,353**
Cash and cash equivalents at the end of the period	**845,620**	**591,513**	**867,331**	**650,731**	**579,208**

Cash flow from operating activities

In the first three months of 2016, the Group had cash flow from operating activities of SEK –21.5 million in particular as a result of increased lending to the public. Cash flow from operating activities was SEK –1.3 million in the first three months of 2015. Cash flow from operating activities was SEK 266.1 million in 2015 principally due to increased amount of deposits from the public and positive operating profit. In 2014, the Group had cash flows from operating activities of SEK 130.0 million in particular as a result of positive operating profit.

Cash flows from investing activities

Cash flow from investing activities was SEK 1.6 million in the first three months of 2016 compared to SEK 3.2 million in the first three months of 2015. The decrease in cash outflow was principally a result of investments of intangible assets (see "- *Capital expenditures*").

Cash flow used in investing activities was SEK –0.7 million in 2013, SEK –3.7 million in 2014 and SEK –82.4 million in 2015. The increase in 2014 principally relates to higher acquisition costs for intangible assets, principally relating to customised software. The increase in 2015 principally relates to the acquisition of BB Finans.

Cash flows from financing activities

Cash flow from financing activities was SEK 1.4 million in the first three months of 2016 as a result of increased deposits from credit institutions. In the first three months period of 2015, the cash amounted SEK –54.8 million as a result of group contribution that amounted SEK 56.8 million.

Cash flow used in financing activities was SEK –84.2 million in 2013, SEK –54.8 million in 2014 and SEK 32.9 million in 2015. These changes principally relate to changes in group contribution paid to the Group's parent company TFB Holding.

FUNDING, LIQUIDITY AND CAPITAL RESOURCES

Funding

The Group's principal funding source is deposits from the public in Sweden and Finland. As at 31 March 2016, the Group had deposits of SEK 2,368 million, of which 78% was in SEK and 22% in EUR. In addition, the Group generates a positive cash flow from its business, principally its interest income on loans to the public. TF Bank also has an undrawn credit facility of SEK 300 million from Nordea Bank (the "**Nordea Facility Agreement**"), and a credit facility of NOK 30 million from Sparebanken Vest. SEK 1.9 million was drawn from the total credit facility as at 31 March 2016.

TF Bank adjusts the interest rates of its deposits products to the public based on changes in the market interest rates and its total funding need. The deposits are the Group's main source of funding of TF Bank's loan products, due to the short durations of the loans. The Group's deposits are covered by the Swedish Deposit Protection Program up to a SEK amount corresponding to EUR 100,000. As at 31 March 2016, the Group had over 10,500 account holders, depositing SEK 2,368 million with an average deposit of approximately SEK 249,083. All deposits are overnight deposits, which means all funds are payable on demand. The Group has increased the value of deposits over the last years in line with the growth in its loan portfolio, from SEK 1,522 million as at 31 December 2013, to SEK 1,953 million as at 31 December 2014, to SEK 2,230 million as at 31 December 2015 and to SEK 2,368 million as at 31 March 2016.

In December 2015, TF Bank issued a series of unsecured, subordinated tier 2 floating rate bonds in the total amount of SEK 100 million. The loan complies with the capital requirements under the CRR, and qualifies as tier 2 capital for the purposes of TF Bank's regulatory capital requirements. Accordingly, the full amount of the loan is classified by TF Bank as tier 2 capital.

The table below sets forth certain information concerning TF Bank's funding as at the dates indicated:

SEK thousand	Three month period ended 31 March	As at 31 December		
		2015	2014	2013
Deposits	2,368,305	2,229,562	1,953,403	1,522,288
Subordinated liabilities	97,150	97,000	-	-
Liabilities to credit institutions	1,917	516	-	-
Equity	375,386	351,233	272,217	238,912
Total	**2,842,758**	**2,678,311**	**2,225,620**	**1,761,200**

Assets

The table below sets forth a break-down of the Group's total assets as at 31 March 2016:

SEK thousand	As at 31 March 2016
Cash and balances with central banks	29,560
Treasury bills eligible for refinancing	60,193
Loans to credit institutions	755,867
Loans to the public	2,012,186
Shares and other similar rights of ownership	1,086
Goodwill	11,812
Intangible assets	12,791
Tangible assets	1,420
Other assets	2,811
Current tax assets	8,573
Deferred tax liabilities	3,105
Prepaid expenses and accrued income	24,649
Total assets	**2,924,053**

As at 31 March 2016, the Group had SEK 2,012.2 million in loans to the public. For more information on the Group's loan portfolio, see *"Business description – Business segments" and "Business description – Geographic distribution"*. .

Liquidity

Liquidity is monitored on a daily basis within the Group. The Group uses treasury bills and also deposits excess cash with various highly rated banks in the Nordics. The Group has an internal policy that 30% of deposits from the public should be readily available in cash and cash equivalents and/or credit facilities to have access to unutilised liquidity in the event of irregular or unexpected liquidity flows. As at 31 March 2016, there were a total of SEK 756 million in loans to credit institutions, where the majority were with a short-term credit rating of A-1+ or A-1 by Standard & Poor.

The Group holds Swedish treasury bills and cash with the Bank of Finland as part of the CRR requirement to maintain a liquidity coverage ratio on a comfortable level. The treasury bills are eligible for refinancing with central banks such as the Swedish central bank. As at 31 March 2016, the Group held treasury bills in a total of SEK 60.2 million and cash with the Bank of Finland of SEK 29.6 million.

Pursuant to article 460 in CRR and the Commission Delegated Regulation (EU) 2015/61, a minimum liquidity coverage ratio (LCR) of 60% became effective in October 2015 and will be phased-in to 100% in 2018.

The table below sets forth the Company's liquidity coverage ratio as at the dates indicated:

%	As at 31 March 2016	At as 31 December		
		2015	2014	2013
Liquidity coverage ratio	142%	150%	331%	n/a

Maturity profile of material balance sheet items

The table below sets forth a break-down of the Group's maturity profile of its material assets and liabilities as at 31 December 2015:

SEK thousand	Less than three months	More than three months but less than one year	More than one year, but less than five years	More than five years	Total
Assets					
Cash and balances with central banks	29,445	-	-	-	29,445
Treasury bills eligible for refinancing	60,075	-	-	-	60,075
Loans to credit institutions	777,811	-	-	-	777,811
Loans to the public	164,263	342,852	1,982,656	-	2,489,771
Liabilities					
Liabilities to credit institutions	-	-	-	-	-
Deposits and borrowings from the public	2,229,562	-	-	-	2,229,562
Issued securities	-	-	-	162,500	162,500
Other liabilities	54,459	-	-	-	54,459

Capital position

As a licensed bank regulated and supervised by the SFSA, TF Bank is subject to substantial regulation relating to capital adequacy requirements. The current capital adequacy and regulatory capital situation of the Group is described under "*Risk and capital management*".

CAPITAL EXPENDITURES

In 2013, the nature of capital expenditures was similar to those made in 2014 and was SEK 0.7 million. The Group principally invested in internally developed software for its core consumer finance business.

In 2014, capital expenditures principally included internally developed software, most of it for the Group's Sales Finance business, and amounted to SEK 3.7 million.

In 2015, capital expenditures amounted to SEK 82.4 million and principally included the acquisition of BB Finans and the customised software Titan, which the Group launched in 2015 and with amortising starting from 1 June 2015. Titan is TF Bank's own proprietary ledger system used for calculating interest and creating invoices. The Group currently has three ledger systems: cLA (Emric), Corniche (Megasol) and Titan (TF Bank). Titan is presently only used for the loan portfolio in Poland and Estonia.

In the first quarter of 2016, capital expenditures amounted to SEK 1.6 million. TF Bank has as of today no significant ongoing planned or approved investments in tangible and intangible assets.

WORKING CAPITAL

It is the opinion of the Company that the available working capital is sufficient to meet the requirements for a period of 12 months from the date of this Prospectus.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

For a discussion of critical accounting policies and estimates, see note 1 to the audited consolidated financial statements as at and for the year ended 31 December 2013 and note 2 to the audited consolidated financial statements as at and for the years ended 31 December 2014 and 2015.

CAPITALISATION AND INDEBTEDNESS

The tables below set forth the Company's capitalisation and net financial indebtedness as at 31 March 2016. The information presented below should be read in conjunction with *"Background and reasons for the Offering"*, *"Selected financial and operating information"* and *"Operating and financial review"* and TF Bank's consolidated financial statements and the notes related thereto included elsewhere in this Prospectus.

Capitalisation

SEK thousand	As at 31 March 2016
Total Current debt[1]	**2,370,222**
Guaranteed[2]	-
Secured[3]	1,917
Unguaranteed/Unsecured	2,368,305
Total Non-current debt (excluding current portion of long-term debt)	**97,150**
Guaranteed[2]	-
Secured[3]	-
Subordinated debt	97,150
Shareholder's equity	**375,386**
a. Share capital	107,500
b. Legal reserve	-
c. Other reserves	389
d. Retained earnings	238,445
e. Net profit attributable to the owners of the parent	24,255
f. Non-controlling interests[4]	4,797
Total capitalisation	**2,924,053**

[1] *Total current debt corresponds to deposits and borrowings from the public as at 31 March 2016.*
[2] *The Group does not have any debt guaranteed by a third party.*
[3] *TF Bank continuously pledges its Swedish and Norwegian loan receivables.*
[4] *Non-controlling interests relates to Intrum Justitia's share in Avarda.*

Net financial indebtedness

SEK thousand	As at 31 March 2016
A. Cash1	29,560
B. Cash equivalents[2]	755,867
C. Trading securities[3]	60,193
D. Liquidity (A) + (B) + (C)	**845,620**
E. Current Financial Receivables[4]	**1,086**
F. Current bank debt	1,917
G. Current portion of non-current debt	-
H. Other current financial debt[5]	2,368,305
I. Current Financial Debt (F) + (G) + (H)	**2,370,222**
J. Net current financial indebtedness (I) – (E) – (D)	**1,523,516**
K. Non-current bank loans	-
L. Subordinated debt	97,150
M. Other non-current loans	-
N. Non-current financial indebtedness (K) + (L) + (M)	**97,150**
O. Net financial indebtedness (J) + (N)	**1,620,666**

[1] *Cash and balances with central banks.*
[2] *Deposits with other banks (loans to credit institutions).*
[3] *Treasury bills eligible for refinancing.*
[4] *Loans to the public are not classified as current financial receivables.*
[5] *Deposits and borrowings from the public.*

BOARD OF DIRECTORS, SENIOR MANAGEMENT AND AUDITORS

BOARD OF DIRECTORS

According to the Articles of Association, TF Bank's Board of Directors shall consist of not less than three members and not more than ten members. TF Bank's Board of Directors currently consists of seven members, including the Chairman. All members have been elected for the period until the end of the annual general meeting 2017. The table below sets forth the members of the Board of Directors, their position, the year of their initial election, their year of birth and whether or not they are considered to be independent as defined in the Swedish Corporate Governance Code (the "**Code**") in relation to the Company and the Senior Management as well as in relation to principal shareholders (*i.e.* shareholders who directly or indirectly control at least 10% of the shares or votes in the Company).

			Independent in respect of:	
Name	Position	Member since	The Company and the Senior Management	Principal shareholders
Mattias Carlsson	Chairman	2009, Chairman since 2015	No	No
Tone Bjørnov	Board member	2015	Yes	Yes
John Brehmer	Board member	2010	Yes	No
Thomas Grahn	Board member	2010	Yes	Yes
Paul Källenius	Board member	2007	Yes	No
Bertil Larsson	Board member	2007	Yes	Yes
Lars Wollung	Board member	2015	Yes	Yes

MATTIAS CARLSSON

Chief Executive Officer from 2009 until 2015 and Chairman of the Board of Directors since 2015. Born in 1972.

Other current assignments: Avarda AB (board member), Avarda Oy (chairman), BB Finans AS (chairman), TFB Service OÜ (chairman) and Tronstad Consulting AB (board member)

Prior assignments within the past five years: Popgiro AB (board member)

Education: Master of Engineering Physics (Uppsala University)

Holding in the Company: 421,281 shares

TONE BJØRNOV

Member of the Board of Directors since 2015. Born in 1961.

Other current assignments: ABG Sundal Collier ASA (board member), Aqua Bio Technology ASA (board member), Bank 1 Oslo Akershus AS (board member), BB Finans AS (board member), Filmparken AS (chairman), Intex Resources ASA (board member), Norsk Film Kostyme AS (chairman) and Storyline Studios AS (chairman)

Prior assignments within the past five years: GGS ASA/GTB ASA (board member), Kongsberg Automotive ASA (board member), Marine Farms ASA (board member), Serendex Pharmaceuticals AS (board member), Sin Oceanic Shipping ASA (board member) and Spectrum ASA (board member)

Education: Business studies (BI Norwegian Business School)

Holding in the Company: -

JOHN BREHMER

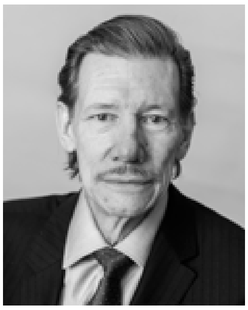
Member of the Board of Directors since 2010. Born in 1965.

Other current assignments: Consortio Fashion Holding AB (board member), Mederion AB (chairman), TFB Holding AB (board member), Tiberon AB (chairman) and Zebware AB (board member)

Prior assignments within the past five years: Polycore Software Inc. (board member) and Urbanista AB (board member)

Education: Master of Business Administration (Stockholm School of Economics)

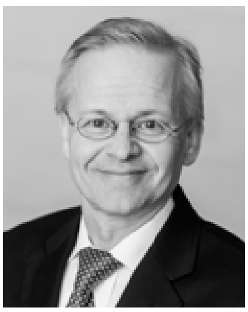
Holding in the Company: 4,346,770 shares (relates to own holdings and closely related natural and legal parties' holdings)



THOMAS GRAHN
Member of the Board of Directors since 2010. Born in 1947.
Other current assignments: Thomas Grahn AML Consulting (owner)
Prior assignments within the past five years: -
Education: Master of Laws (Uppsala University)
Holding in the Company: -

PAUL KÄLLENIUS
Member of the Board of Directors since 2007. Born in 1966.
Other current assignments: Cellbes AB (board member), Consortio Fashion Group AB (chairman), Consortio Fashion Holding AB (chairman), Halens AB (board member), Kaax Fastigheter AB (board member), Kaax Investment AB (board member), Källenius Invest (board member), New Bubbleroom Sweden AB (board member), Nordisk Hypoteksförmedling AB (board member), TFB Holding AB (chairman), Upstream Dream AB (board member) and Urbanista AB (board member)
Prior assignments within the past five years: Actiway AB (board member), Consortio Development AB (board member), Neumeister Strategic Design AB (board member) and Priming Ventures Sweden AB (board member)
Education: Master of Engineering (KTH Royal Institute of Technology)
Holding in the Company: 4,158,765 shares (relates to own holdings and closely related natural and legal parties' holdings)

BERTIL LARSSON
Member of the Board of Directors since 2007. Born in 1946.
Other current assignments: AB Effektiv Bemanning Sverige KLS (chairman), Borås Tidning AB (chairman), Conpera AB (board member and owner), Gota Media AB (board member), Kyrkesunds Båthamn Ekonomisk Förening (board member), LåsTeam Sverige AB (chairman), Minso Holding AB (chairman), Minso Solutions AB (chairman), Swedebridge AB (chairman) and Tore G Wärenstams Stiftelse (board member)
Prior assignments within the past five years: Baghera tag on demand AB (board member), Boxon Systems AB (board member), Boxon Systems Nordic AB (board member), Didriksons Regnkläder AB (chairman), Max Collection AB (chairman) and Väveriet i Uddebo AB (chairman)
Education: -
Holding in the Company: -



LARS WOLLUNG
Member of the Board of Directors since 2015. Born in 1961.
Other current assignments: Bambora AB (board member), Bostadsrättsföreningen Ekorren i ÅreBjörnen (chairman), Dlaboratory Sweden AB (board member), Industrial Financial Systems, IFS AB (chairman), LW Konsult i Stockholm AB (board member), The North Alliance AS (chairman), Tieto Oyj (board member), TPS Advisory AB (chairman), TPS Investment AB (chairman) and TRANSIA i Sverige AB (board member)
Prior assignments within the past five years: Acando Solutions AB (board member), Connecta AB (board member), Intrum Justitia AB (CEO), Intrum Justitia Finans AB (chairman), Intrum Justitia International AB (chairman), Intrum Justitia Invest AB (board member), Intrum Justitia Sverige AB (chairman) and Sigma AB (board member)
Education: Master of Engineering (KTH Royal Institute of Technology) and Master of Business Administration (Stockholm School of Economics)
Holding in the Company: 71,665 shares (relates to own holdings and closely related natural and legal parties' holdings)

SENIOR MANAGEMENT

DECLAN MAC GUINNESS
Chief Executive Officer since 2015. Born in 1966.
Other current assignments: Avarda AB (board member), Avarda Oy (board member), BB Finans AS (board member) and TFB Service OU (board member)
Prior assignments within the past five years: Carlson Fonder AB (CEO), Fondbolagens Förenings Service AB (board member) and West Department AB (chairman)
Education: Master of Laws (Stockholm University) and studies in Political Science (San Diego State)
Holding in the Company: 221,649 warrants, entitling to subscription of 221,649 shares

MIKAEL MEOMUTTEL
Chief Financial Officer since 2009 and Deputy Chief Executive Officer since 2014. Born in 1976.
Other current assignments: -
Prior assignments within the past five years: -
Education: Master of Science in finance and economics (Borås University and Gothenburg University)
Holding in the Company: 221,649 warrants, entitling to subscription of 221,649 shares

BJÖRN SKYTT
Chief Information Officer since 2010. Born in 1974.
Other current assignments: -
Prior assignments within the past five years: -
Education: Degree in Information Technology (University of Gothenburg)
Holding in the Company: -

JOHANNES RINTANIEMI
Head of Direct to Consumer and Director of TF Bank's Finnish branch since 2014. Born in 1977.
Other current assignments: Rinvestor Oy (owner, board member and CEO), Studio Amfora Ky (silent partner) and ThumbsApp Oy (partner and board member)
Prior assignments within the past five years: Nordic Edutainment Oy (board member and partner), Somedia Oy (board member and partner) and TF Bank AB (consultant)
Education: Master of Science in economics (Helsinki School of Economics)
Holding in the Company: 40,714 shares and 332,474 warrants, entitling to subscription of 332,474 shares

JONAS WEDIN
Head of Sales Finance since 2015. Born in 1973.
Other current assignments: -
Prior assignments within the past five years: -
Education: Master of Science in Information Techonology (University of Borås)
Holding in the Company: -

STURE STÖLEN
Head of Investor Relations since 2016. Born in 1967.
Other current assignments: Voice ASP AS (partner) and Wildeco Ekonomisk Information AB (board member and partner)
Prior assignments within the past five years: Alpaca For You HB (partner), Forex Bank AB (board member) and SAS AB (head of investor relations)
Education: Master of Business Administration (BI Norwegian Business School)
Holding in the Company: -

OTHER INFORMATION CONCERNING THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

All members of the Board of Directors and Senior Management may be contacted using the Company's address, see "*Addresses*".

There are no family ties between members of the Board of Directors or Senior Management.

No member of the Board of Directors or member of the Senior Management has represented a company which has been declared bankrupt or been subject to compulsory liquidation or receivership in the past five years. No member of the Board of Directors or Senior Management has been convicted in any case relating to fraud in the past five years. There are no, and during the past five years there have not been any, allegations and/or sanctions on the part of any authority or professional association under public law against any of these persons. No member of the Board of Directors or Senior Management has in the past five years been subject to injunctions against carrying out business.

No special arrangement has been entered into between major shareholders, clients, suppliers or other parties according to which any of the members of the Board of Directors or Senior Management have been appointed to their present position.

Except as described below, no member of the Board of Directors or Senior Management has any private interest that might conflict with the Company's interest. However, several members of the Board of Directors and Senior Management have financial interest in the Company as a consequence of their holdings, direct or indirect, of shares in the Company.

The majority shareholder of the Company, TFB Holding, has entered into synthetic option agreements with the Chief Executive Officer and the Chief Financial Officer, respectively. Pursuant to the terms thereof, the Chief Executive Officer and the Chief Financial Officer each purchased from TFB Holding 215,000 synthetic options at SEK 3.10 per synthetic option. Each synthetic option entitles the holder to receive the value of one share in the Company (*i.e.* the value of a share, but not the share itself) against payment of a strike price per synthetic option of SEK 40.23 increased on a monthly basis with 8% per annum starting from April 2014. The Chief Executive Officer and the Chief Financial Officer intend to exercise the synthetic options in connection with the listing on Nasdaq Stockholm. The Company is not a party to the synthetic option agreements.

AUDITOR

The annual general meeting held on 12 April 2016 elected the firm of auditors PricewaterhouseCoopers AB as the auditor. Authorised public accountant Martin By was appointed auditor in charge. PricewaterhouseCoopers AB with authorised public accountant Mikael Lindengren as the auditor in charge has been the Company's auditor throughout the financial years 2013–2015. The interim report for the period 1 January–31 March 2016 has been reviewed by PricewaterhouseCoopers AB with Martin By as the auditor in charge. Martin By and Mikael Lindengren are both members of the professional association FAR. The office address of PricewaterhouseCoopers AB is Skånegatan 1, SE-411 40 Gothenburg, Sweden.

REMUNERATION TO THE MEMBERS OF THE BOARD OF DIRECTORS, CHIEF EXECUTIVE OFFICER AND SENIOR MANAGEMENT

Remuneration to the Board of Directors

The annual general meeting held on 12 April 2016 resolved that the Chairman should receive a remuneration of SEK 2,200,000 and that each of the other elected members of the Board of Directors not receiving salary from TF Bank should receive a remuneration of SEK 300,000 for the time until the end of the 2017 annual general meeting. In addition, it was resolved that compensation for committee work would be paid in the amount of SEK 100,000 to the Chairman of the audit committee and SEK 50,000 to each of the other members of the committee. During 2015, the total compensation paid to members of the Board of Directors amounted to SEK 1,977,000, of which Mattias Carlsson received SEK 1,660,000, Thomas Grahn SEK 150,000 and Bertil Larsson SEK 167,000. No compensation was paid to the other members of the Board of Directors during 2015.

Remuneration to the Chief Executive Officer, the Deputy Chief Executive Officer and Senior Management

Salaries and other remuneration for the Chief Executive Officer, the Deputy Chief Executive Officer (who is also the Chief Financial Officer) and the Senior Management consist of base salary, variable remuneration, commission-based remuneration, other compensation and pension contribution.

During 2015, the total remuneration to the Chief Executive Officer amounted to SEK 2,350,000, of which SEK 1,756,000 consisted of base salary, SEK 500,000 consisted of variable remuneration and SEK 94,000 consisted of other compensation. In addition, social fees of SEK 660,000 were paid. The aggregated pension premiums for the Chief Executive Officer, in addition to statutory pensions, amounted to SEK 299,000.

During 2015, the total remuneration to the Deputy Chief Executive Officer amounted to SEK 1,691,000, of which SEK 1,158,000 consisted of base salary, SEK 460,000 consisted of variable remuneration and SEK 73,000 consisted of other compensation. In addition, social fees of SEK 531,000 were paid. The aggregated pension premium for the Deputy Chief Executive Officer, in addition to statutory pensions, amounted to SEK 283,000.

During 2015, the total remuneration, which only consisted of base salaries, to the Senior Management, excluding the Chief Executive Officer and the Deputy Chief Executive Officer, amounted to SEK 2,516,000, which consisted of base salaries. The aggregated pension premiums to the Senior Management, excluding the Chief Executive Officer and the Deputy Chief Executive Officer, in addition to statutory pensions, amounted to SEK 512,000.

No commission-based remuneration was paid in 2015.

Pensions and other benefits

The Group's pension obligations are covered by payments to the ITP plan (individual pension plan funded through payments to insurance companies). The retirement age for the Chief Executive Officer is 65, for whom supplementary payments to a defined contribution plan are made annually. The retirement age is 65 for the other members of the Senior Management, for whom supplementary payments to a defined contribution plan, the ITP plan, are made annually. An additional pension premium is paid on the remuneration if variable remuneration is paid.

Terms of employment for the Chief Executive Office, the Deputy Chief Executive Officer and Senior Management

The Chief Executive Officer and the Deputy Chief Executive Officer (who is also the Chief Financial Officer) has a notice period of six months.

The Chief Information Officer has a mutual notice period of three months and the Head of Sales Finance has a notice period of a maximum of two months (a maximum of six months in case of termination by the Company). The other members of the Senior Management have a mutual notice period of six months.

The Chief Executive Officer, the Deputy Chief Executive Officer and the Director of the Finnish Branch are bound by non-compete undertakings for 12 months. In the event that the employment is terminated without a notice period, the duration of the non-compete undertaking is 18 months. For the duration of the non-compete undertaking, the Chief Executive Officer is entitled to compensation corresponding to the base salary (as at the date of the termination of the employment) with an addition of 21% of the base salary after it has been adjusted for holiday compensation. The Deputy Chief Executive Officer is entitled to compensation corresponding to the base salary (as at the date of the termination of the employment) with an addition of the pension provisions that are to be ensured in accordance with the ITP agreement. The Director of the Finnish branch is entitled to compensation corresponding to the base salary (as at the date of the termination of the employment) with an addition of the pension provisions that are to be ensured in accordance with the collective agreement.

None of the other members of the Senior Management have non-compete undertakings.

The Chief Executive Officer and the Deputy Chief Executive Officer are entitled to severance pay for either six or twelve months depending on whether or not the Company chooses to enforce the non-compete undertaking. The severance pay for the Chief Executive Officer corresponds to the base salary with an addition of 21% of the base salary after it has been adjusted for holiday compensation and the severance pay for the Deputy Chief Executive Officer corresponds to the base salary with an addition of the pension provisions that are to be ensured in accordance with the ITP agreement. None of the other members of the Senior Management are entitled to severance pay upon termination of their employment.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Prior to listing on Nasdaq Stockholm, the corporate governance of the Company has been based upon Swedish law and internal rules and guidelines. Once listed on Nasdaq Stockholm, the Company will also comply with Nasdaq Stockholm's Rule Book for Issuers and the Code. TF Bank has bonds listed on Nasdaq Stockholm and has therefore complied with Nasdaq Stockholm's Rule Book for Issuers, applicable for fixed income instruments, since February 2016. The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden and shall be fully applied from the date of the listing. The Company is not obliged to apply every rule in the Code as the Code itself provides for the possibility to deviate from the rules, provided that any such deviations and the alternative solutions are described and the reasons therefor are explained in the corporate governance report (according to the so called the "comply or explain" principle).

The Company will apply the Code from the time at which the shares are listed on Nasdaq Stockholm and has no intention to deviate from any of the rules in the Code. TF Bank will prepare a corporate governance report in compliance with the Code for the first time for the 2016 financial year.

GENERAL MEETINGS

According to the Swedish Companies Act, the shareholder's meeting is the Company's ultimate decision-making body and the shareholders' exercise their voting rights at such meetings. The annual general meeting must be held within six months from the end of each financial year. In addition to the annual general meeting, extraordinary general meetings can be convened. The Company's general meetings shall, according to the Articles of Association, be held in Stockholm or Borås, Sweden.

Pursuant to the Articles of Association, notices convening general meetings shall be issued through announcement in the Swedish Gazette (Sw. *Post- och Inrikes Tidningar*) as well as on the Company's website. Announcement to the effect that a notice convening a general meeting has been issued shall be made in Svenska Dagbladet.

RIGHT TO ATTEND GENERAL MEETINGS

All shareholders who are directly registered in the share register maintained by Euroclear Sweden five workdays (Saturdays included) prior to the general meeting and who have notified the Company of their intention to participate in the general meeting not later than the date indicated in the notice of the general meeting, are entitled to attend the annual general meeting and vote for the number of shares they hold.

In addition to notifying the Company, shareholders whose shares are nominee registered through a bank or other nominee must request that their shares are temporarily registered in their own names in the register of shareholders maintained by Euroclear Sweden, in order to be entitled to participate in the general meeting. Shareholders should inform their nominees well in advance of the record date.

Shareholders may attend general meetings in person or by proxy and may be accompanied by a maximum of two assistants. It will normally be possible for shareholders to register for the general meeting in several different ways, as indicated in the notice of the meeting.

Shareholder initiatives

Shareholders who wish to have an issue brought before the general meeting must submit a request in writing to the Board of Directors. The request must normally be received by the Board of Directors not later than seven weeks prior to the general meeting.

NOMINATION COMMITTEE

Any company operating in compliance with the Code must have a nomination committee. The annual general meeting makes decisions on the procedure concerning the appointment of nomination committee members, along with guidelines for the work of the nomination committee on formulating proposals for the next annual general meetings. According to the Code, the nomination committee must have at least three members, and the majority of these must be independent in relation to the company and the Senior Management. At least one of the members of the nomination committee must be independent in relation to the largest shareholder in terms of votes in the Company or groups of shareholders interacting with regard to administration of the Company.

The Company decided at the annual general meeting held on 12 April 2016 to establish a nomination committee pursuant to the following main principles. The nomination committee shall comprise four members, of which one member shall be the Chairman of the Board. Other members of the nomination committee shall be appointed by the three largest shareholders in terms of numbers of votes as at the last banking day in August the year prior to the annual general meeting. Chairman of the nomination committee shall, if the members of the committee unanimously do not agree otherwise, be the member that represents the shareholder controlling the largest number of votes. The names of the members of the nomination committee shall be published on the Company's website. No remuneration shall be paid to the members of the nomination committee.

THE BOARD OF DIRECTORS

The Board of Directors is the second-highest decision-making body of the Company after the general meeting and the highest executive body of the Company. The duties of the Board of Directors are set forth in the Swedish Companies Act, the Company's Articles of Association and the Code, the latter of which will be applicable to the Company after the listing of the shares on Nasdaq Stockholm. The duties of the Board of Directors are in addition thereto regulated by the Swedish Banking and Financing Act. Further, the work of the Board of Directors is guided by the rules of procedures of the Board of Directors, which the Board of Directors adopts every year. The rules of procedures govern the division of work and responsibility among the Board of Directors, its Chairman and the Chief Executive Officer. The Board of Directors also adopts instructions for the Board committees and the Chief Executive Officer.

The Board of Directors is responsible for the Company's organisation and the management of the Company's affairs. The Board of Directors shall, on a continuous basis, assess the Company's and the Group's financial position and ensure that the Company's organisation is designed in a manner that ensures that the accounts, the management of funds and the Company's other financial conditions are controlled in a prudent manner.

The Board of Directors is responsible for assessing the Company's risk-taking and has established rules for the decision-making, financial reporting and financing. Guidelines are also available for work in other areas, *e.g.*, work environment, ethics, quality of information, personnel, IT and security monitoring as well as communications. The Board of Directors' duties include, among other things, to establish goals and strategies for the Company's operations, ensure that there are proper internal controls for the organisation and the Company's operations, establish internal rules on risk management and risk control and regularly monitor compliance, ensure there is an audit function, and monitor the Company's financial position. Furthermore, it is the task of the Board of Directors' to appoint the Chief Executive Officer, adopt instructions covering the duties of the Chief Executive Officer, and monitor the work of the Chief Executive Officer.

The chairman of the Board of Directors shall ensure that the Board of Directors' work is conducted efficiently and that the Board of Directors fulfils its obligations. The chairman is also responsible for ensuring that the Board of Directors receives satisfactory information and supporting documentation for its work and that the Board of Directors evaluates its work each year.

Currently, the Company's Board of Directors consists of seven ordinary members elected by the annual general meeting, who are presented in "*Board of Directors, Senior Management and auditors*".

Audit committee

TF Bank has an audit committee consisting of three members: Tone Bjørnov, Mattias Carlsson and Lars Wollung. The audit committee shall, without it affecting the responsibilities of the Board of Directors, monitor the financial reporting of the Company, monitor the efficiency of the Company's internal controls, internal auditing and risk management, stay abreast of the audit of the annual accounts and consolidated accounts, review and monitor the impartiality and independence of the auditor and pay close attention if the auditor provides the Company with services besides audit services for the Company, and assist in the preparation of proposals for the decision of the general meeting and decision on election of auditors.

Remuneration committee

The Company has currently no remuneration committee. The duties of the remuneration committee are exercised by the Board of Directors in its entirety.

Chief Executive Officer and other Senior Management

The Chief Executive Officer is subordinated to the Board of Directors and is responsible for the everyday management and operations of the Company. The division of work between the Board of Directors and the Chief Executive Officer is set out in the rules of procedure for the Board of Directors and the instructions for the Chief Executive Officer. The Chief Executive Officer is also responsible for the preparation of reports and compiling information to Board meetings and for presenting such material at Board meetings.

According to the instructions for financial reporting, the Chief Executive Officer is responsible for the financial reporting in the Company and consequently must ensure that the Board of Directors receives adequate information for the Board of Directors to be able to evaluate the Company's financial condition.

The Chief Executive Officer must continually keep the Board of Directors informed of developments in the Company's operations, the Company's result and financial condition, liquidity and credit status, important business events and all other events, circumstances or conditions which can be assumed to be of significance to the Company's shareholders.

The Chief Executive Officer and Senior Management are presented in "*Board of Directors, Senior Management and auditors*".

Auditing

The auditor shall review the Company's annual reports and accounting, as well as the management of the Board of Directors and the Chief Executive Officer. Following each financial year, the auditor shall submit an audit report and a consolidated audit report to the annual general meeting.

Pursuant to the Company's Articles of Association, the Company shall have not less than one and not more than two auditors, without or with not more than two deputy auditors. The Company's auditor is PricewaterhouseCoopers AB, with Martin By as auditor in charge. The Company's auditor is presented more in detail in "*Board of Directors, Senior Management and auditors*".

In 2015, the total remuneration paid to the Company's auditor amounted to SEK 3.93 million.

Internal control

The Company has implemented internal structures, routines and procedures for internal control in accordance with the SFSA's regulations and general guidelines (FFFS 2014:1) regarding governance, risk management and control at credit institutions. By implementing the internal structures, routines and procedures, the Company has maintained an appropriate, transparent organisational structure with a clear allocation of functions and areas of responsibility that ensures sound and efficient governance, which enables the SFSA to conduct efficient supervision. The Company has also implemented current and documented decision making procedures that clearly specify reporting routines within the Company as well as to relevant authorities.

The organisational structure implemented in order to maintain a sound and efficient internal control mainly consists of the Board of Directors; the Chief Executive Officer, the respective business units as well as support functions (IT, finance and back-office); and the internal control functions (functions for risk management, compliance and internal audit).

The Board of Directors

The Company has designated a Board of Directors consisting of board members with relevant and diversified knowledge and extensive experience within the Company's field of operations. The Board of Directors is responsible for, *inter alia*, deciding on the Company's strategies as well as risk profile.

The Board of Directors regularly, at least once per year, evaluates, updates and adopts the Company's business plan and internal guidelines. In addition, the Board of Directors regularly reviews and assesses the efficiency of the Company's organisational structure, procedures, measures and methods resolved upon by the Company in order to comply with laws and other regulations regulating the operations of the Group.

The Board of Directors and the Chief Executive Officer regularly evaluates whether the Company effectively and appropriately controls and manages its risks.

The members of the Board of Directors have been subject to a management assessment by the SFSA to ensure that they are suitable and that they have the knowledge and experience necessary to be on the Board of Directors.

The Chief Executive Officer

The Chief Executive Officer leads the Company's day-to-day operations. The Chief Executive Officer regularly, at least once per year, evaluates the business plan and internal guidelines and updates them jointly with the compliance function and other relevant internal control functions or other staff if needed.

The Chief Executive Officer has also been subject to a management assessment by the SFSA, which deemed that also the Chief Executive Officer has relevant experience and knowledge to lead the day-to-day operations of the Company.

The first line of defence

The first line of defence consists mainly of three business units (Deposits, Lending and Sales Finance) and three support functions (IT, finance and back-office). The starting point of the Company's risk management is dependent on efficient procedures and staff within the business units and the support functions in their day-to-day operations. The management within the mentioned business units are responsible for the daily risk management as well as for ensuring that the operations are compliant with both internal and external regulations. The staff of each business unit and support function reports directly to the relevant manager, the Chief Executive Officer, the compliance function or the risk management function.

The second line of defence

The risk management function is an independent internal function responsible for identifying, managing and monitoring risks within the Company's operations on an ongoing basis. The risk management function carries out its work in accordance with internal guidelines adopted by the Board of Directors. The risk management function reports to the Chief Executive Officer and the Board of Directors on a regular basis.

The second line of defence also consists of the compliance function. The compliance function is also an independent internal function, responsible for ensuring that the Company's operations are compliant with relevant regulations. The compliance function is also responsible for ensuring that the Company's internal guidelines are updated on a regular basis and for monitoring changes in applicable regulations. The function carries out controls of the operations and educates staff in matters relating to regulatory issues on an ongoing basis. The function carries out its work in accordance with internal guidelines adopted by the Board of Directors and reports to the Chief Executive Officer and the Board of Directors on a regular basis.

The third line of defence

The third line of defence consists of the internal audit function (KPMG AB). The internal audit function carries out its work according to a risk-based audit plan adopted by the Board of Directors and reviews and regularly evaluates whether the Company's organisation, procedures for governance, IT-systems, models and procedures are appropriate and efficient. The internal audit function reports directly to the Board of Directors.

INTERNAL POLICIES FOR GOVERNANCE AND CONTROL

The Company has implemented a business plan and several internal guidelines for the governance and control of its organisation and operations. In addition to the business plan, the internal guidelines address, *inter alia*, the following subjects: credit approval, identification and handling of conflicts of interest, anti-money laundering and terrorism financing, information security, risk management; management of operational risks, liquidity, compliance, internal audit, outsourcing, ethics, reporting of significant events, whistle-blowing and remuneration.

The business plan as well as the internal guidelines have been adopted by the Board of Directors.

SHARES, SHARE CAPITAL AND OWNERSHIP STRUCTURE

SHARES AND SHARE CAPITAL

The Company's shares have been issued in accordance with Swedish law and registered to holders in electronic form with Euroclear Sweden. Euroclear Sweden also maintains the Company's share register. The shares are denominated in SEK.

According to the Articles of Association, the Company's share capital shall amount to a minimum of SEK 107,500,000 and a maximum of SEK 430,000,000, divided into a minimum of 21,500,000 and a maximum of 86,000,000 shares. According to the Articles of Association, the Company may issue shares of one class. At the date of this Prospectus the share capital amounts to SEK 107,500,000 and the number of outstanding shares to 21,500,000.

All shares have been issued and are fully paid, each with a quota value of SEK 5.00. No shares in the Company are held by the Company itself, on its behalf or by its subsidiaries. The Company is a limited company and its activities are regulated by the Swedish Companies Act.

CERTAIN RIGHTS ATTACHED TO THE SHARES

The Company has only one class of shares. The rights associated with the shares may only be altered in accordance with the procedures set forth in the Swedish Companies Act.

Voting rights

At general meetings, each share in the Company carries one vote and each shareholder is entitled to vote for the full number of shares such shareholder holds in the Company.

Preferential rights to new shares

If the Company issue new shares, warrants or convertibles in a cash issue or a set-off issue (Sw. *kvittningsemission*), according to the main rule, the holders of shares have preferential rights to subscribe for such securities in proportion to the number of shares held prior to the issue. Nothing in the Company's Articles of Association restricts the Company's ability to issue new shares, warrants or convertibles with deviation from the shareholders' preferential rights as provided for in the Swedish Companies Act.

Rights to dividend and liquidation proceeds

All shares carry equal rights to dividends as well as to the Company's assets and potential surplus in the event of liquidation.

Resolutions regarding dividend are passed by general meetings. All shareholders registered as shareholders in the share register maintained by Euroclear Sweden on the record date adopted by the general meeting are entitled to receive dividends. Dividends are normally distributed to shareholders as a cash payment per share through Euroclear Sweden, but may also be paid out in a manner other than cash (in-kind dividend). If a shareholder cannot be reached through Euroclear Sweden, such shareholder still retains its claim on the Company to the dividend amount, subject to a statutory limitation of ten years. Upon the expiry of the limitation period, the dividend amount shall pass to the Company.

There are no restrictions on the right to dividends for shareholders domiciled outside Sweden. Payments to shareholders not resident in Sweden for tax purposes are subject to Swedish withholding tax. See "*Tax considerations in Sweden*".

AUTHORISATION FOR THE BOARD OF DIRECTORS

The Board of Directors has not received any authorisations from the general meeting.

DIVIDENDS AND DIVIDEND POLICY

The Company has as at the date of this Prospectus paid dividends in amounts of SEK 858,000 (SEK 0.04 per share) for the financial year 2013, SEK 18,104,800 (SEK 0.84 per share) for the financial year 2014 and SEK 9,675,000 (SEK 0.45 per share) for the financial year 2015. The Company also paid group contributions to its parent company TFB Holding of SEK 53,900,000 (SEK 2.51 per share) for the financial year 2013 and SEK 56,840,000 (SEK 2.64 per share) for the financial year 2014. No group contributions have been paid for the financial year 2015. The amounts per share are calculated based on 21,500,000 shares.

The Board of Directors of TF Bank has adopted a dividend policy according to which the Company aims at a pay-out ratio of approximately 50 percent of its annual consolidated net profit.

Under the dividend policy adopted by TF Bank's Board of Directors stated above, TF Bank aims at a pay-out ratio of approximately 50 percent of its annual consolidated net profit. If TF Bank, as a result of its profits and dividend policy, generates a substantial surplus, it is TF Bank's intention to use such surplus either to finance a higher organic growth rate and/or future acquisitions, or to pay out the surplus to its shareholders as dividend. Decisions relating to dividend proposals take into account the Company's future revenue, financial condition, capital requirements, TF Bank's capital targets and general economic and operational circumstances. TF Bank is subject to capital adequacy and liquidity requirements under regulations applicable to financial institutions before potential dividends could be proposed and thus there can be no assurances that in any given year a dividend will be proposed or declared.

CENTRAL SECURITIES CUSTODY

The shares are registered in a securities register pursuant to the Swedish Financial Instruments Accounts Act (Sw. *lag*

(1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument). This register is kept by Euroclear Sweden AB, Box 191, SE-101 23 Stockholm. No share certificates are issued for the shares. The ISIN code for the shares is SE0007331608.

SHARE CAPITAL DEVELOPMENT

Set out below is an overview of the changes in the Company's share capital and the number of shares since the incorporation of the Company.

Year	Event	Change in number of shares	Total number of shares	Change in share capital (SEK)	Share capital (SEK)	Quota value (SEK)
1971	Formation of the Company	50	50	5,000.00	5,000.00	100.00
1975	New issue	450	500	45,000.00	50,000.00	100.00
1988	New issue	49,500	50,000	4,950,000.00	5,000,000.00	100.00
2015	Share split 1:430	21,450,000	21,500,000	-	5,000,000.00	0.23
2015	Bonus issue	-	21,500,000	102,500,000.00	107,500,000.00	5.00

WARRANT PROGRAMS

The Company currently has three outstanding series of warrants. The total number of warrants outstanding in the Company as at the date of this Prospectus is 775,772, which entitle the warrant holders to subscribe for a total of 775,772 new shares in the Company.

If all the outstanding warrants are fully exercised, the Company's share capital will increase by SEK 3,878,860. Upon full exercise of the warrants, the dilutive effect on the Company's current share capital and voting rights will amount to approximately 3.5%.

The warrants issued under Series 2016:1 were issued at market value. The market value of the warrants was determined using the Black & Scholes valuation model. The warrants issued under Series 2016:2 and Series 2016:3 were issued without consideration.

The subscription price and/or the number of shares each warrant entitles the holder to subscribe for shall be recalculated in connection with certain events, including, *inter alia*, certain new issue of shares, warrants and convertibles, share splits and share consolidations.

Series 2016:1

At the annual general meeting held on 12 April 2016, the Company resolved to issue 443,298 warrants to the Chief Executive Officer and the Chief Financial Officer. Each warrant entitles the holder to subscribe for one new share at a subscription price of SEK 113.25 per share. The warrants can be exercised during the period from 12 March 2019 until 12 April 2019.

Series 2016:2

At the annual general meeting held on 12 April 2016, the Company resolved to issue 166,237 warrants to Johannes Rintaniemi, a member of the Senior Management. Each warrant entitles the holder to subscribe for one new share at a subscription price of SEK 113.25 per share. The warrants can be exercised during the period from 12 March 2019 until 12 April 2019. The right to exercise the warrants is conditional upon the holder remaining employed by the Company upon exercise.

Series 2016:3

At the annual general meeting held on 12 April 2016, the Company resolved to issue 166,237 warrants to Johannes Rintaniemi, a member of the Senior Management. Each warrant entitles the holder to subscribe for one new share at a subscription price of SEK 86.00 per share. The warrants can be exercised during the period from 12 March 2017 until 12 April 2017. The right to exercise the warrants is conditional upon the holder remaining employed by the Company upon exercise.

OWNERSHIP STRUCTURE AND SELLING SHAREHOLDERS

The table below sets forth information relating to the Selling Shareholders as at the date of this Prospectus, prior to the Offering and after the Offering. The Selling Shareholders can be reached via the Company's address, see "*Addresses*".

	Number of shares as at the date of this Prospectus		Number of shares prior to the Offering		Number of shares after the Offering if the Over-allotment Option is not exercised		Number of shares after the Offering if the Over-allotment Option is exercised in full	
Shareholder	Number	%	Number	%	Number	%	Number	%
TFB Holding[1]	17,059,567	79.35	15,098,825[2]	70.23	10,742,543	49.97	10,089,101	46.93
Merizole Holding Ltd	188,320	0.88	2,149,062[3]	10.00	1,964,062	9.14	1,936,312	9.01
Förvaltningsaktiebolaget Segersta	1,561,947	7.26	1,561,947[4]	7.26	1,150,694	5.35	1,089,006	5.07
Gurrfinans AB	664,658	3.09	664,658	3.09	489,657	2.28	463,407	2.16
Aktiebolaget Add Value	520,649	2.42	520,649[5]	2.42	383,565	1.78	363,002	1.69
Mattias Carlsson[6]	421,281	1.96	421,281[7]	1.96	310,360	1.44	293,722	1.37
KAAX Investment AB[8]	321,252	1.49	321,252	1.49	236,668	1.10	223,980	1.04
Tiberon AB[9]	321,252	1.49	321,252	1.49	236,668	1.10	223,980	1.04
AB Monarda	221,553	1.03	221,553	1.03	163,219	0.76	154,469	0.72
TPS Investment AB[10]	71,665	0.33	71,665	0.33	52,796	0.25	49,966	0.23
Pehr Petersson[11]	107,142	0.50	107,142	0.50	78,221	0.36	73,990	0.34
Johannes Rintaniemi[12]	40,714	0.19	40,714	0.19	29,994	0.14	28,386	0.13
New shareholders[13]	0	0	0	0	5,661,553	26.33	6,510,679	30.28
Total	**21,500,000**	**100**	**21,500,000**	**100**	**21,500,000**	**100**	**21,500,000**	**100**

1 *TFB Holding is as at the date of this Prospectus the parent company of TF Bank, see "Shares, share capital and ownership structure - Distribution of TF Bank shares by TFB Holding". As a the date of this Prospectus, TFB Holding is owned, directly or indirectly, by KAAX Investment AB (23%), Tiberon AB (24%), Jonas Weil (24%), Trylon AB (26%) and other shareholders (4%). Following allotment of shares in TF Bank and decrease of share capital in TFB Holding, TFB Holding will be owned, directly or indirectly, by KAAX Investment AB (27%), Tiberon AB (28%), Jonas Weil (10%), Trylon AB (31%) and other shareholders (4%).*

2 *For an explanation of the decrease of the number of shares prior to the Offering as compared to the number of shares as at the date of this Prospectus, see "-Distribution of TF Bank shares by TFB Holding".*

3 *For an explanation of the increase of the number of shares prior to the Offering as compared to the number of shares as at the date of this Prospectus, see "-Distribution of TF Bank shares by TFB Holding".*

4 *The shares will be held through company and/or endowment insurance.*

5 *The shares will be held through company and/or endowment insurance.*

6 *Mattias Carlsson is chairman of the Board of Directors of the Company.*

7 *The shares will be held directly, through Tronstad Consulting AB and/or through endowment insurance.*

8 *Paul Källenius, who is a member of the Board of Directors of the Company, together with related parties holds 100% of the shares in KAAX Investment AB.*

9 *John Brehmer, who is a member of the Board of Directors of the Company, together with related parties holds 100% of the shares in Tiberion AB.*

10 *Lars Wollung, who is a member of the Board of Directors of the Company, holds 100% of the shares in TPS Investment AB.*

11 *Pehr Petersson was the Chief Credit Officer of the Company during the period 2009-2014.*

12 *Johannes Rintaniemi is a member of the Senior Management team in his capacity as Head of Direct to Consumer and Director of TF Bank's Finnish branch. Johannes Rintaniemi has also worked as a consultant for TF Bank in 2012 and 2013.*

13 *New shareholders include the Cornerstone Investors.*

DISTRIBUTION OF TF BANK SHARES BY TFB HOLDING

At per the date of this Prospectus, TFB Holding is the parent company of TF Bank. This means, inter alia, that TFB Holding shall carry out a full consolidation of all financial institutions that are its subsidiaries, and that TFB Holding is included in a so-called consolidated situation.[1] As a consequence of the consolidated situation, TFB Holding also needs to file certain reports to the SFSA on a regular basis.

After the date of this Prospectus but before the Offering, the shareholders of TFB Holding intend to vote for a reduction of the share capital in TFB Holding. The reduction of the share capital shall be carried out for repayment to one of the shareholders in TFB Holding, Merizole Holding Ltd. The repayment shall, inter alia, be carried out through distribution of shares in TF Bank to Merizole Holding Ltd.

After the distribution of shares in TF Bank, TFB Holding will hold less than 50% of the number of shares and votes in TF Bank, even if the Over-allotment Option is not exercised, and TFB Holding will no longer be the parent company of TF Bank and will not be included in the consolidated group.

Following the Offering, TFB Holding will change its name in order to clarify that the company is no longer TF Bank's parent company.

AGREEMENTS BETWEEN SELLING SHAREHOLDERS

Certain of the Selling Shareholders are party to a shareholders' agreement with respect to their holdings in the Company. The shareholders' agreement will terminate in connection with the Offering.

1 *"Consolidated situation" means (according to the definition in CRR) the situation that results from applying the requirements of CRR in accordance with Part One, Title II, Chapter 2 in the CRR to an institution as if that institution formed, together with one or more other entities, a single institution. According to Article 18 of CRR, the institutions that are required to comply with the requirements shall carry out a full consolidation of all institutions and financial institutions that are its subsidiaries or, where relevant, the subsidiaries of the same parent financial holding company or mixed parent financial holding company.*

ARTICLES OF ASSOCIATION

Articles of Association of TF Bank AB, registration number 556158-1041, adopted at the annual general meeting held on 12 April 2016.

§ 1 NAME

The company's name is TF Bank AB. The company is a public company (publ).

§ 2 REGISTERED OFFICE

The board of directors' registered office shall be in Borås, Sweden. Shareholders' meetings may also be held in Stockholm, Sweden.

§ 3 OBJECT OF THE COMPANY

The object of the company's business is to conduct such banking business as set forth in Chapter 7, Section 1 in the Swedish Banking and Financing Business Act (2004:297) and other business that is naturally connected herewith. Except for payments services through general payments system and collection of funds that after cancellation are available for the creditor within a period of maximum 30 days, the company may provide or mediate loans, e.g. in the form of consumer credit and credit against security in real estate or promissory notes, conduct debt collection business and insurance mediation business in accordance with the Swedish Insurance Mediation Act (2005:405).

§ 4 SHARE CAPITAL

The share capital of the company shall be not less than SEK 107,500,000 and not more than SEK 430,000,000.

§ 5 NUMBER OF SHARES

The number of shares shall be not less than 21,500,000 and not more than 86,000,000.

§ 6 BOARD OF DIRECTORS

The board of directors shall consist of not less than three (3) members and not more than ten (10) members.

§ 7 AUDITOR

The company shall have not less than one (1) and not more than two (2) auditors, without or with not more than two (2) deputy auditors. As auditor and, when applicable, deputy auditor, shall be elected an authorised public accountant or a registered public accounting firm.

§ 8 NOTICE OF SHAREHOLDERS' MEETINGS

Notice of shareholders' meetings shall be published in the Official Swedish Gazette (Sw. *Post- och Inrikes Tidningar*) and be kept available on the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

§ 9 SHAREHOLDERS' RIGHT TO PARTICIPATE IN SHAREHOLDERS' MEETING

Shareholders who want to participate in shareholders' meetings, shall be registered in such print-outs or other representation of the entire share register in effect five (5) weekdays prior to the meeting, and notify the company not later than the day which is specified in the notice of the meeting. This day may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and may not be earlier than five (5) weekdays prior to the general meeting.

Shareholder may bring up to two counsels at shareholders' meetings only if the shareholder is giving notice of the number of counsels to the company in accordance with the previous paragraph.

§ 10 FINANCIAL YEAR

The financial year shall be 1 January – 31 December.

§ 11 RECORD DAY PROVISION

The company's shares shall be registered in a securities register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479).

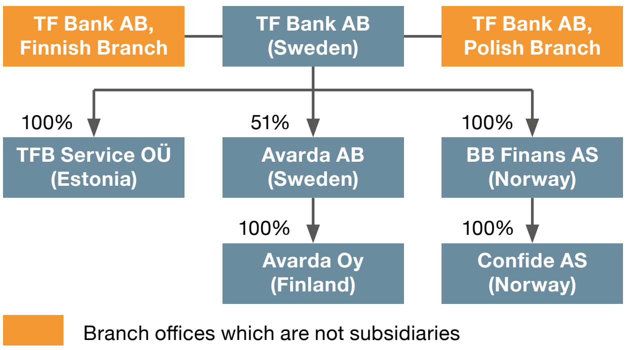
LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

GENERAL INFORMATION

The name of the Company is TF Bank AB. The Company's company registration number is 556158-1041. The Company is a public limited company, has its registered office in Borås. The Company's trading symbol on Nasdaq Stockholm will be TFBANK. The Company was formed in Sweden 25 November 1971 and was registered at the Swedish Companies Registration Office on 8 February 1972. The Company's form of association is regulated by and its shares have been issued in accordance with the Swedish Companies Act.

GROUP STRUCTURE

TF Bank AB is the parent company in the Group. The Company has five subsidiaries. In addition, there are two branch offices. The following chart provides an overview of the Group structure.



MATERIAL AGREEMENTS

Below is a summary of material agreements entered into by the Group during the past two years as well as other agreements entered into by the Group which contain rights or obligations of material importance for the Group.

Working capital financing

The Company has entered into a master agreement for credit facilities, the Nordea Facility Agreement. The credit facility includes a factoring facility provided by Nordea Finans Sverige AB and an overdraft facility provided by Nordea Bank AB with an aggregate maximum amount of SEK 300 million. The facilities are subject to the following financial covenants:

- Capital Ratio Pillar 1, defined as the Swedish capital ratio pillar 1 set out by Swedish law, must exceed 1.4[1];
- Total Capital Ratio, defined as Capital Ratio Pillar 1 and Capital Ratio Pillar 2 as set out by Swedish law, must exceed 1.25[1];
- Debt Ratio, defined as net debt to the book value of accounts receivables, must be less than 90%;
- Interest Coverage Ratio, defined as EBIT plus interest cost divided by interest cost, must be higher than 2.5; and
- Net Stable Funding Ratio, as set out in the relevant Swedish and international requirements, must be equal to or exceed 100%[1].

The Nordea Facility Agreement expires in April 2017 but can be extended. At the date of this Prospectus, the Group does not intend to make changes to this master credit facility agreement prior to its expiration. The Group is and has been in compliance with all financial covenants in the Nordea Facility Agreement and all its other provisions. The listing of TF Bank does not result in that the agreement's so called change of control clauses would be applicable, as this assumes that TFB Holding's ownership stake is below 30%.

In addition to the credit agreement with Nordea, there is also a credit agreement since December 2015 between BB Finans (No. *Avtale om kassekreditt*) and Sparebanken Vest, which includes a maximum of NOK 30 million.

Credit facility agreement with BB Finans

TF Bank has committed to provide up to the lower of (i) NOK 300 million (approximately SEK 294 as at 31 March 2016) or (ii) an amount corresponding to 85% of BB Finans' total net receivables, to BB Finans through a revolving credit facility agreement. As at 31 March 2016, the Company had advanced NOK 216 million (approximately SEK 212) to BB Finans under the terms of the revolving credit facility.

Avarda Joint Venture Agreement with Intrum Justitia

Overview

On 24 October 2014, the Company and Intrum Justitia entered into the Joint Venture Agreement, forming the Swedish private limited liability company of Avarda, to provide the Group's Sales Finance products to online retailers in Sweden, Finland, Norway and Denmark. Under the terms of the Joint Venture Agreement, TF Bank owns 51% of Avarda, with Intrum Justitia owning 49%. In accordance with the view of TF Bank, the majority holding and other key terms in the agreement implies that TF Bank has decisive control over Avarda. TF Bank provided SEK 1,020,000 and Intrum Justitia SEK 980,000 of the initial SEK 2 million share capital of Avarda. The parties will also contribute in total SEK 38 million (in proportion to their respective ownership) as unconditional shareholders' contributions, which Avarda may draw in successive tranches. As at 31 March 2016, the Company had contributed SEK 9.6 million as unconditional shareholders' contribution. In April 2016, TF Bank paid an additional SEK 9.7 million in shareholders' contribution to Avarda. Any dividends paid from Avarda to TF Bank and Intrum Justitia will be paid out in accordance with their shareholdings.

[1] *These reported covenants to Nordea Bank are based on previously issued recommendations on regulatory capital requirement ratios (Basel II) of the Basel Committee on Banking Supervision.*

Funding

TF Bank has committed to provide up to the lower of (i) SEK 400 million and (ii) an amount corresponding to 90% of Avarda's and Avarda Oy's total net receivables, to Avarda and Avarda Oy through a revolving credit facility agreement. The Company and Avarda Oy have signed a pledge as security for the fulfilment of all obligations and liabilities under the credit facility agreement. The credit facility agreement is dated 23 February 2016. As of 31 March 2016, the Company has not provided any credits under the agreement. However, in May 2016, TF Bank paid SEK 14.8 million to Avarda Oy in accordance with the credit facility agreement.

Transfer of shares

Should the ownership of the ultimate beneficial owners of TF Bank named in the Joint Venture Agreement fall below 50% of the voting rights in TF Bank or, should TF Bank be listed on a regulated market, fall below 30% of the voting rights in TF Bank, Intrum Justitia has the right to acquire all of TF Bank's shares in Avarda. Up to and including the day that occurs four years after the first day of trading in the Company's shares on Nasdaq Stockholm, the Selling Shareholders (except Aktiebolaget Add Value, Mattias Carlsson, TPS Investment AB, Pehr Petersson and Johannes Rintaniemi) have undertaken not to take any action that would imply that the Selling Shareholders' (excluding Aktiebolaget Add Value, Mattias Carlsson, TPS Investment AB, Pehr Petersson and Johannes Rintaniemi) jointly holding falls below 30% of the number of votes in the Company, see "*Legal considerations and supplemental information - Placing Agreement*". Should a competitor, or a party that controls a competitor, to Intrum Justitia or Avarda acquire more than 30% of the total number of voting rights in TF Bank, Intrum Justitia also has the right to acquire all of TF Bank's shares in Avarda. In both cases, the price shall be determined by a certain valuation mechanism. The Joint Venture Agreement contains provisions prohibiting the parties to dispose of the shares in Avarda to third parties without the other joint venture party being given a right of first refusal.

Length of agreement

The Joint Venture Agreement has an initial term of ten years, with an automatic extension of five years thereafter.

Options

The Joint Venture Agreement contains two options. TF Bank has an option to acquire all shares in Avarda should Avarda's assets fall below SEK 10 million during the fourth quarter of 2016 and the first quarter of 2017. Intrum Justitia has an option to acquire Avarda from 1 January 2020 until 31 December 2020. Under the terms of both options, the exercising party will have the right to acquire all of the other party's shares in Avarda in accordance with a valuation based on the previous financial year (*e.g.* in case of Intrum Justitia's option, for the full year 2019) (the "**Valuation Mechanism**"). This valuation will be determined based on a percentage of the value of Avarda's assets plus a multiple of the amount of the profits after tax for the preceding year. The total valuation shall not exceed the aggregate of 66% of Avarda's Average Assets and 11 times Avarda's Profits after Tax. "Average Assets" in this context means external lending (*i.e.*, financial receivables originating from the operating business). "Profit after tax" may be adjusted if there are material extraordinary items impacting profit for the relevant year and where the tax cost applied shall be a function of a normalised tax rate based on the prevailing tax rate in the countries contributing to taxable profit.

In the event Intrum Justitia exercises its option, TF Bank will be bound by a non-competition agreement in the Avarda Territories for a period of two years from the date on which the option was exercised by Intrum Justitia.

Acquisition of BB Finans

On 29 December 2014, TF Bank entered into a share purchase agreement to acquire 100% of the shares in the Norwegian financial institution, BB Finans, for NOK 69.6 million (approximately SEK 68.2 as at 31 March 2016). BB Finans' total equity amounted to NOK 48 million (approximately SEK 47.0 million as at 31 March 2016). BB Finans offers loans to Norwegian retail customers, including credit cards. Under the terms of the agreement, the previous owners of BB Finans and their affiliates have agreed to a non-compete and non-solicitation agreement for Sweden, Finland and Norway for a period of three years from 31 July 2015.

DentaPay partnership agreement between Odin Kapital and BB Finans

On 1 April 2015, BB Finans entered into a partnership agreement with Odin Kapital to jointly provide dental patients with alternative payment options (DentaPay). Odin Kapital provides payment and accounting services for healthcare enterprises in Norway. Under the terms of this agreement, the necessary hardware for initial applications, which consists of physical payment terminals at dental offices, as well as the software for these terminals is provided by Odin Kapital, while BB Finans provides the credit solution and loans to approved applicants via credit card. Approved customers sign a credit agreement directly on the DentaPay machine. Odin Kapital receives a commission for its efforts in promoting the credit card product offered by BB Finans. The credit card product will be delivered to patients with the applicable charges for dental services already applied in addition to any additional credit amount for which the customer may qualify.

Acquisition of the credit receivables business of Consortio Fashion Group – Integration of the Sales Finance segment

On 30 April 2014, TF Bank entered into an agreement with Consortio Fashion Group AB and five of its subsidiaries (together the "**Consortio Fashion Group**"). These companies are principally involved in apparel online sales but also online sales of various other items, including furniture, home textiles, beauty products and electronics. The companies within the Consortio Fashion Group jointly conducted a consumer finance business in connection with their respective online sales businesses. Under the agreement, TF Bank purchased the consumer finance business at a purchase price calculated as the accumulated net book value of all outstanding amounts of credit receivables for the Consortio Fashion Group as at the date of the agreement (SEK 375 million) as well as the software used to facilitate the transactions for SEK 818,000. The primary employee for the consumer finance business was transferred from the Consortio Fashion Group to TF Bank. The acquisition was fully financed by the Group's own liquidity.

Consultancy agreement regarding investor relations

TF Bank has entered into a consultancy agreement with Wildeco Ekonomisk Information AB for the engagement of Sture Stölen. Sture Stölen is engaged as Head of Investor Relations of TF Bank and is responsible for information matters. Sture Stölen has undertaken to remain at TF Bank's disposal whenever requested for the full compliance of TF Bank's obligations with regard to disclosure of information and guarantees his availability to such extent that has been deemed necessary by the parties. The consultancy agreement was entered into on 27 January 2016 and is valid for a period of twelve months from the first day of trading on the Nasdaq Stockholm. If the timing of the listing on Nasdaq Stockholm is altered or if the listing is cancelled, a notice period of six months shall apply. Sture Stölen is a member of TF Bank's Senior Management.

Other material agreements

The Group relies to some extent on hosting providers, marketing support services, licensing agreements, communications carriers and other third parties for the day-to-day operation of its business. The Group also utilises certain third party software for general corporate operations and is dependent on certain third party data providers (*i.e.,* credit bureaus) in order for its customer assessment scoring model to operate successfully.

INTELLECTUAL PROPERTY RIGHTS

The Group's principal intellectual property assets include trademarks and domain names. The Group uses different brands under which it markets its Direct to Consumer segment products to end customers, including: TF Bank, Credento, Yhteislaina, Halino, Cellbes Privatlån and Halens Privatlån.

Because the Group is an Internet-based business, it also owns a large number of Internet domain names, including its main website at www.tfbankgroup.com and various regional domain names. Many of these domain names include "tfbank", "tf-bank" or some other variation. The many domain names TF Bank owns help with marketing activities in the different countries in which the Group operates. At the date of this Prospectus, the Group is aware of at least one other company that owned a similar domain to those frequently used by the Group for regional marketing purposes, but that is not affiliated with the Group. This domain, www.tfbank.fr, is owned by Tunsian Foreign Bank S.A., which sometimes uses the similar brand TF Bank and which is not affiliated with the Group.

Over the years, the Group has developed a fully automated, proprietary IT platform designed for scalability and adaption to different digital banking solutions.

The Group does not own any patents.

INSURANCE

The Group maintains customary insurance policies for its offices as well as directors and officers liability insurance policies and intends to maintain such insurance in the future, including in connection with the Offering. At the Group level, it is insured against banking risks, asset losses, professional indemnity and directors' and officers' claims at a level of cover that it believes is adequate. The Group assesses insurable risks and purchases insurance coverage from appropriate insurance companies. Review of new insurance policies and annual review of existing policies is conducted.

TAX AUDIT

The Swedish Tax Agency is currently conducting a tax audit at the Company. The purpose of the tax audit is to review the income tax return for the financial year 2014. The tax audit will most likely be finalised by the end of 2016. Depending on the outcome of the tax audit, it may affect the taxable income and as such increase the tax debt. There is also a risk of tax penalty in case of any discoveries in the tax audit. This will affect the net income negatively.

LISTING OF THE COMPANY'S SHARES ON A STOCK EXCHANGE

On 4 September 2015 the Company announced its intention to list the Company's shares on the Frankfurt Stock Exchange. As a result of volatile market conditions on the German and the international capital markets, the company announced on 16 September 2015 that the Company decided to postpone the planned market listing. The Company and the Selling Shareholders then decided to list the Company's shares on Nasdaq Stockholm.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

The Company is not, and has not over the past 12 months been, a party to any legal, governmental or arbitration proceedings that have had, or would have, a significant effect on the Group's financial position or profitability. Nor is the Company aware of any such proceedings which are pending or threatening and which could lead to the Company or any member of the Group becoming a party to such proceedings.

TRANSACTIONS WITH RELATED PARTIES

Consortio Fashion Holding essentially has the same owners as TFB Holding, the parent company of TF Bank. Consortio Fashion Group AB's three subsidiaries, Halens, Cellbes and Bubbleroom, are three of TF Bank's largest customers within the Sales Finance-segment. As at 31 March 2016 9%, 5% and 2% respectively of the total loan portfolio was attributable to retail customers generated via sales finance for these three customers. The transactions shown below refer to transactions between the Company and its subsidiaries, as well as companies in the Consortio Fashion Group, during the period 2013-2015. The Group's acquisition of the credit receivables business of Consortio Fashion Group AB was finalised on 30 April 2014. All transactions were priced at market terms.

- Transaction costs (Commission)[2] of SEK 71,634,000 (2015), SEK 40,729,000 (2014) and SEK 0 (2013) to Consortio Fashion Group AB.
- General administrative expenses of SEK 6,326,000 (2015), SEK 4,512,000 (2014) and SEK 1 041 000 (2013) for customer support, rental of premises and printing costs/postage etc. Rental of premises refers to the office in Borås, Sweden, which is sub-let by Cellbes AB which is ultimately owned by the same beneficial owners as TFB Holding.
- Debt of SEK 2,139,000 (2015), SEK 138,000 (2014) and SEK 0 (2013) to Consortio Fashion Group AB for ongoing purchases of credit claims.
- Interest income of SEK 1,132,000 (2015) from BB Finans in accordance with the credit facility agreement. The Company's acquisition of BB Finans closed on 31 July 2015.
- General administrative expenses of SEK 1,718,000 (2015), SEK 1,009,000 (2014) and SEK 0 (2013) regarding billing from TFB Service OÜ.
- General administrative expenses of SEK 343,000 (2015), SEK 202,000 (2014) and SEK 0 (2013) due to the fact that invoices from TFB Service OÜ were subject to VAT.
- Assets of SEK 140,302,000 (2015) relating to loans to BB Finans in accordance with the credit facility agreement.

[2] *In the annual report for the year 2015, instead of commission, the term "transaction costs" is used in accordance with the IFRS regulations. This is clear from note 30 on page 45 in the annual report. See also note 29 on page F-45 in the prospectus.*

DOCUMENTS ON DISPLAY

The Group's audited annual accounts for the financial years 2013, 2014 and 2015, the Company's Articles of Association, this Prospectus and other information published by TF Bank referred to in this Prospectus are available in electronic format on the Company's website, www.tfbankgroup.com throughout the entire validity period of the Prospectus. Copies of the above documents can be viewed during regular office hours throughout the entire validity period of the Prospectus at the Company's head office, visiting address Ryssnäsgatan 2, 504 64 Borås, Sweden. With the exception of TF Bank's annual accounts for the financial years 2013, 2014 and 2015 and the interim report for the period 1 January – 31 March 2016, no information in this Prospectus has been reviewed or audited by the Company's auditors.

The annual reports of the Company's subsidiaries for the financial years 2014-2015 are available at the Company's head office on the address above.

PLACING AGREEMENT

According to the terms of the Placing Agreement, which is expected to be entered into on or around 13 June 2016, the Selling Shareholders will undertake to sell the shares included in the Offering to the purchasers procured by the Joint Bookrunners or, insofar as the Joint Bookrunners have not been successful in doing so, the Joint Bookrunners have undertaken to acquire the shares included in the Offering. The Offering is conditional upon the Joint Bookrunners determining that there is sufficient interest in the Offering to achieve appropriate trading in the Company's share, that the Placing Agreement is concluded, that certain terms and conditions in the Placing Agreement are met and that the Placing Agreement is not terminated.

According to the Placing Agreement, the Joint Bookrunners' undertaking to procure purchasers for the shares included in the Offering or, if the Joint Bookrunners fails to do so, to purchase the shares included in the Offering, is conditional upon, *inter alia*, there being no material adverse events and upon certain other customary terms and conditions. The Joint Bookrunners may terminate the Placing Agreement up until the settlement date if any material adverse events should occur, if the representations and warrants made by the Company and the Selling Shareholders to the Joint Bookrunners should prove inadequate or if any other terms or conditions in the Placing Agreement are not met.

Furthermore, the Selling Shareholders intend to issue an Over-Allotment Option entailing an undertaking to, upon request by the Joint Bookrunners, not later than 30 days from the first day of trading at Nasdaq Stockholm, to increase the Offering through the sale of not more than 849,126 additional shares, corresponding to 15% of the shares included in the Offering.

The Over-Allotment Option may only be exercised to cover any oversubscription in connection with the Offering.

Through the Placing Agreement, the Company issues customary representations and warranties to the Joint Bookrunners, primarily with respect to the information in this Prospectus being correct, that this Prospectus and the Offering satisfy relevant requirements in statues and rules and regulations, and that there are no legal or other impediments to the Company entering into the agreement or to the implementation of the Offering.

If the terms and conditions stated above are not met, or if the Joint Bookrunners terminate the Placing Agreement, the Offering may be discontinued. If so, no shares will be delivered and no payments for shares will be made under the Offering. Pursuant to the Placing Agreement, the Selling Shareholders and the Company will, subject to customary exemptions, undertake on certain conditions to indemnify the Joint Bookrunners in respect of certain claims.

Under the Placing Agreement, the Selling Shareholders and Chief Executive Officer and Chief Financial Officer undertake not to (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of any of the Company's shares or any securities convertible into or exercisable or exchangeable for such shares or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of such shares, for a certain period of time after the first day of trading in the Company's shares on Nasdaq Stockholm (the "**Lock-up Period**"). The Lock-up Period for the Selling Shareholders will be 180 days. The Lock-up Period for the Chief Executive Officer and Chief Financial Officer will be 360 days. Furthermore, up to and including the day that occurs four years after the first day of trading in the Company's shares on Nasdaq Stockholm, the Selling Shareholders (except Aktiebolaget Add Value, Mattias Carlsson, TPS Investment AB, Pehr Petersson and Johannes Rintaniemi) undertake not to (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of any of the Company's shares or any securities convertible into or exercisable or exchangeable for such shares or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of such shares if such a disposition would result in the Selling Shareholders' (excluding Aktiebolaget Add Value, Mattias Carlsson, TPS Investment AB, Pehr Petersson and Johannes Rintaniemi) jointly holding being less than 30% of the voting rights in the Company. The Global Coordinator may however grant written exemptions from these undertakings. Following the expiration of the Lock-up Period, the shares may be offered for sale, which may affect the market price of the shares. Pursuant to the Placing Agreement, the Company undertakes towards the Joint Bookrunners, inter alia, during a period of 360 days from the first day of trading in the Company's shares on Nasdaq Stockholm not to, without written approval from the Global Coordinator, decide on or propose a general meeting to resolve on an increase of the share capital by way of a new issue of shares or other financial instruments.

STABILISATION

In connection with the Offering, the Joint Bookrunners may implement transactions with a view to maintaining the market price of the shares in the Company at a level higher than the level that may otherwise have prevailed on the market. Such stabilisation transactions may be implemented on Nasdaq Stockholm, the OTC market or otherwise, and may be implemented at any time during the period, commencing on the first day for trading on Nasdaq Stockholm until at the latest 30 calendar days thereafter. However, the Joint Bookrunners has no obligation to implement any stabilisation and there is no guarantee that stabilisation will take place. Stabilisation, if implemented, may also be terminated at any time without notice. Under no circumstances will transactions be implemented at a price higher than the price in the Offering. Within one week of the end of the stabilisation period, the Joint Bookrunners will announce whether or not stabilisation took place, the date on which stabilisation began, the date on which the final stabilisation measure was implemented, and the price range within which stabilisation measures were implemented for each of the dates on which stabilisation measures were implemented.

SUBSCRIPTION COMMITMENTS

Swedbank Robur Fonder, Erik Selin, through Erik Selin Fastigheter AB, and Lazard Asset Management have vis-à-vis Joint Bookrunners and TFB Holding undertaken in the Offering, on mainly the same terms and conditions as other investors, to acquire shares at an amount of approximately SEK 99 million, approximately SEK 66 million and approximately SEK 29 million respectively. Accordingly, the Offering is secured to approximately 38,8% (assuming that the Over-allotment Option is exercised in full). The Cornerstone Investors will receive no compensation for the respective undertakings. The Cornerstone Investors are however guaranteed allotment in accordance with their respective commitments. The Cornerstone Investors undertakings are not secured through bank guarantees, blocked funds or pledging of collateral or any similar arrangement. The Cornerstone Investors' undertakings are subject to certain conditions. In the event that any of these conditions are not fulfilled, the Cornerstone Investors may choose not to fulfil their undertakings.

Swedbank Robur Fonder

Swedbank Robur Fonder is one of Scandinavia's largest fund managers and is a wholly owned subsidiary of Swedbank.

Swedbank Robur Fonder offers savings alternatives for retail and institutional clients through mutual funds and discretionary asset management.

Erik Selin

Erik Selin is CEO and major shareholder of Fastighets AB Balder (publ), which is the largest listed real estate company in Sweden with properties in all the Nordic countries. Balder is also the largest shareholder in the listed niche bank Collector Bank AB (publ).

Lazard Asset Management

Lazard Asset Management manages US$171.9 billion of assets around the world across a broad spectrum of asset classes. The Lazard European Microcap Fund, which will invest in TF Bank, targets long-term capital appreciation by investing in a concentrated portfolio of European micro-cap stocks with a market capitalisation of no more than EUR 1 billion.

ADVISORS' INTERESTS

Carnegie and ABG are acting as financial advisors to TF Bank in connection with the Offering. Carnegie and ABG have also provided the Company with advice in connection with the structuring and planning of the Offering and the planned listing of TF Bank's shares on Nasdaq Stockholm and will receive payment for such advice. Carnegie and ABG have from time to time provided and may provide services, within regular operations and in connection with other transactions, to the Company and to related parties to the Company for which they have received and are expected, where appropriate, to receive fees and other remuneration. See "– *Stabilisation*".

COSTS IN CONNECTION WITH THE OFFERING

No shares or securities are being issued or offered by the Company in the Offering, and accordingly, the Company will not receive any proceeds from the Offering. The Company will not receive any portion of the proceeds from the sale of the shares offered by the Selling Shareholder in the Offering. The transaction costs associated with the Offering charged to the Company are expected to amount to approximately SEK 16 million. Such costs are mainly related to costs to auditors, attorneys, printing of the Prospectus, costs related to management presentations etc.

RISK AND CAPITAL MANAGEMENT

RISK MANAGEMENT

The Company strives for an integrated approach when it comes to strategy, risk tolerance, capital and funding and performance management.

The Board of Directors decides on the strategic direction and sets the overall level of risk that the Company is willing to accept based on the guiding principle that risk taking is done for the purpose of creating customer and shareholder value. The Company's risk level is monitored by the risk department, management and the Board of Directors. The risk tolerance framework is reviewed annually in connection with the business planning.

The Company has implemented internal structures, routines and procedures for internal control in accordance with the SFSA's regulations and general guidelines (FFFS 2014:1) regarding governance, risk management and control at credit institutions. The internal control procedures include measures to, *inter alia*, mitigate risk through three lines of defence, which are described under "*Corporate governance – Internal control*".

The Company is primarily exposed to credit risk which arises predominantly from loans to the public. TF Bank runs a highly risk focused organisation with nearly 30 years' experience of credit scoring and lending. The Company must hold sufficient capital to cover credit risks as well as other risks including market and operational risks.

The Company has a credit risk function with the main tasks and objectives to:

- Handle credit granting and develop the Company's credit policies and credit rules in order to better handle potential credit losses and to support growth.
- Produce risk analysis based on available information and reporting, which is used for decision support for credit rules and credit policies.
- Prevent fraud, partly through the use of external information sources.
- Produce forecasts for future credit losses and work preventive in order to reduce the number of loans that are classified as unsecured.

CAPITAL MANAGEMENT

Despite the Company's focus on risk management and risk culture, unexpected losses occur in banking. The Company´s capital management shall ensure that the Company has sufficient capital to absorb such unexpected losses. Risks are quantified in order to arrive at a minimum capital that is needed.

As a result of the latest global financial and economic crisis, a number of regulatory measures have been taken to amend or implement rules and regulations. Such measures include, but are not limited to, requirements for liquidity, capital adequacy and handling of counterparty risks, and regulatory tools provided to authorities to allow them to intervene in scenarios of distress. The most central regulations are CRR and CRD IV, which came into effect in 2014. CRR is directly applicable in Sweden, while CRD IV has been implemented in Sweden through changes in, *inter alia*, the Banking and Financing Business Act (Sw. *lag (2004:297) om bank- och investeringsrörelse*), the Capital Buffer Act (Sw. *lag (2014:966) om kapitalbuffertar*) and the Act on Credit Institutions and Securities Companies (Special Supervision) (Sw. *lag (2014:968) om särskild tillsyn över kreditinstitut och värdepappersbolag*).

CRR not only stipulates the minimum capital requirement which an institute must have at every given point in time in order to deal with risks associated with the business of the institute, it also encompasses stricter requirements on the quality of the capital base and the requirements to be fulfilled for a capital instrument to qualify as CET 1, AT 1 or tier 2 capital, respectively.

This requirement means that the Company needs to reserve enough capital against unexpected losses resulting from its investments. Capital requirements under Pillar I of the Framework (includes requirements on minimum regulatory capital to address credit risk, market risk and operational risk) are determined by standardised calculations provided by applicable regulation. The Company also evaluates if these standardised calculations reflect the actual risks that the Company is exposed to. If this is not the case, additional capital is reserved under the so-called Pillar II risks of the Framework.

The Company continuously carries out its Internal Capital Adequacy Assessment Process (ICAAP), which is formally documented once a year. This process aims to evaluate the capital adequacy position in relation to the business plan and the regulatory capital levels under various stressed scenarios for the upcoming three years. As part of the ICAAP, the Company evaluated the following risks within Pillar 2: credit risk in a stressed scenario, interest rate risk, business risk, reputational risk, liquidity risk, concentration risk, cyclical risk, and pension risk. The Company determined that extra capital needed to be allocated to cover credit risk in a stressed scenario, interest rate risk, and reputational risk.

In addition to the tier 1 capital requirement stipulated in CRR, the Capital Buffer Act stipulates that an institute shall also have a common equity tier 1 capital corresponding to the total combined capital buffer requirement for such institute in order to address systematic risks. The capital buffer requirement may vary from one institute to another and may also vary over time. The combined capital buffer requirement for TF Bank consists of a capital conservation buffer and an institute specific countercyclical buffer.

According to applicable regulation, the Company is required to meet the following capital ratios (including the capital conservation buffer described above of 2.5%) as of the date hereof:

- Minimum CET 1 ratio of 4.5% + capital conservation buffer of 2.5%;
- Minimum tier 1 capital ratio of 6.0% + capital conservation buffer of 2.5%; and
- Minimum total capital ratio of 8.0% + capital conservation buffer of 2.5%.
- An institute specific countercyclical buffer, which for TF Bank was 0.54% at year-end 2015.

The table below sets forth an overview over the key requirements and ratios of the Group as at 31 December 2012, 2013, 2014 and 2015:

	As at 31 December			
SEK thousand, *unless otherwise indicated*	2015	2014	2013	2012
Regulatory Capital				
Common Equity Tier 1 (CET1) capital after any deductions	309,078	266,563	233,606	191,045
Additional Tier 1 (AT 1) capital after any deductions		-	-	-
Tier 2 capital after any deductions	97,000	-	-	-
Own funds	406,078	266,563	233,606	191,405
Risk exposure amounts	2,229,621	1,943,558	1,550,052	1,456,226
thereof credit risk	1,585,690	1,373,649	1,043,520	1,006,680
thereof credit adjustment risk	1,587	-	-	-
thereof market risk	-	-	-	-
thereof operational risk	642,344	569,909	506,532	494,884
CET1 capital ratio, %	13.86%	13.72%	15.07%	13.14%
AT 1 capital ratio, %	13.86%	13.72%	15.07%	13.14%
Total capital ratio, in %	18.21%	13.72%	15.07%	13.14%
Total CET1 capital requirements inclusive of capital buffer requirements	**168,113**	**136,049**	**69,752**	**105,109**
thereof capital conservation buffer	55,741	48,589	-	-
thereof countercyclical buffer	12,040	-	-	-
CET1 capital available to use as buffer	208,745	179,103	163,854	123,835
Own funds				
Share capital	107,500	5,000	5,000	5,000
Retained earnings	145,755	164,787	146,588	126,213
Audited annual earnings net of foreseeable expenses and dividends	83,560	100,525	85,934	66,485
Other reserves	1,000	1,000	1,000	1,000
Accumulated other comprehensive income	(2,560)	-	-	-
Minority interests	6,304	-	-	-
less intangible assets	(23,942)	(4,749)	(4,916)	(7,293)
less deferred tax assets that rely on future profitability	(2,235)	-	-	-
less minority interests not qualified for inclusion in own funds	(6,304)	-	-	-
Total CET1	**309,078**	**266,563**	**233,606**	**191,405**
Total own funds	**406,078**	**266,563**	**233,606**	**191,405**

Note: The financial information in the table above is derived from audited accounts according to IFRS 2013-2015.

For purposes of measuring risk exposure and capital ratios, the Company's assets are weighted according to their associated risk. The Company applies the Standardised Approach to measure credit risk according to articles 111-134 in CRR. The amount of risk exposure is calculated by allocating the Company's asset items on and off the balance sheet to various risk classes. Each risk class has a number of different risk weightings. Allocation between risk categories and the underlying risk weightings depends on the type of exposure and counterparty. Concentration risks have not been taken into account in assessing and calculating the capital requirement for credit risk, and these are instead taken account of under pillar 2.

All licensed banks in Sweden are required to submit on a regular basis a number of financial reports to the SFSA, and the ICAAP is one of the most central reports. The Group currently reports to the SFSA on a consolidated basis with the Company as the responsible institute. The basis for the current consolidated situation reporting to the SFSA includes the parent company, TFB Holding.

In addition to the local reporting requirements, all licensed banks in Sweden are also required to submit on a monthly and quarterly basis a number of reports to the European Banking Authority (the "**EBA**"). This reporting is submitted through a web-portal specifically created for this purpose. These reports include:

- COREP Reporting: This report covers the following areas: (i) liquidity coverage ratio (LCR), (ii) own funds and own funds requirements (CA), (iii) large exposures and concentration risk (LE), (iv) leverage (LR) and (v) liquidity (NSFR).
- The liquidity coverage ratio report is submitted on a monthly basis while the other reports are submitted on a quarterly basis.

FINREP Reporting: This new set of reporting requirements applies from October 2014 and has increased the reporting requirements to the EBA and it covers a variety of new and additional financial reporting requirements.

REGULATORY OVERVIEW

The Group is subject to numerous regulatory requirements including the suitability of qualified owners, organisational structure of the Group and capital adequacy. The Group's operations are independently subject to regulatory requirements and obligations including financial regulations, and laws regarding debt collection and data protection. EU laws are to a large extent uniform across all jurisdictions within which the Group operates. However, national law and regulations may vary across jurisdictions. In addition to external legal requirements, the Group has adopted internal policies and guidelines, which apply across the Group.

REGULATORY ENVIRONMENT

On 30 January 2012, TF Bank was granted a banking license by the SFSA. Hence, the operations of TF Bank are mainly regulated by the Swedish Banking and Financing Business Act (Sw. *lag (2004:297) om bank och finansieringsrörelse*) ("**BFBA**"). According to prudential consolidation requirements stipulated by CRR and BFBA, even if only one entity within a group is regulated, certain regulations may apply to other members of the group.

The Group operates in seven jurisdictions within Europe. As a result of harmonised legal requirements for credit institutions within the European Economic Area ("**EEA**"), the operations conducted in EU member states other than Sweden are subject to similar regulations. The Company may nevertheless be subject to certain local legal requirements regarding how to conduct its consumer loans business, *e.g.*, on 1 June 2013 Finnish legislation stipulated a maximum permitted actual interest rate on consumer loans. The Group continuously monitors changes to the legal requirements in the different jurisdictions, using external expert advice. The Company's management believes the majority of the jurisdictions the Group operates in offers a stable regulatory environment.

In 2014, Sweden implemented the EBA's Guidelines on Internal Governance (GL 44) through new regulations and general guidelines from the SFSA. The new regulations include, *inter alia*, stricter requirements relating to risk management, ethics, control functions, regulatory compliance, outsourcing and organisational requirements. The Company adopted new and more comprehensive internal routines in order to ensure compliance with the new regulatory requirements and guidelines.

The implementation of CRD IV and CRR in Sweden in 2014 resulted in stricter legal requirements concerning, *inter alia*, capital buffers, risk management and information disclosure. This led to changes in the internal capital adequacy procedures as well as the procedures for periodic reporting to the SFSA.

OVERVIEW OF LICENSING REQUIREMENTS IN THE COUNTRIES IN WHICH THE GROUP OPERATES

The Company operates primarily within the EU and its activities include three main operational areas: (i) e-commerce sales financing, (ii) savings accounts to retail customers and (iii) retail lending. As a result of harmonised legal requirements for banks within the EU, the Group is subject to similar legal requirements for all its business entities. Nevertheless, the Company may be subject to certain local requirements. The following table provides an overview of all the Company's licenses, memberships and registrations per country of operation:

Country	Registration / License	Date of Registration
Sweden	Authorisation with the SFSA in the category Credit Market Company	1995
	Authorisation with the SFSA for mediation of insurance class 16, Other financial loss (direct)	2009
	Authorisation to conduct banking business with the SFSA	2012
Finland	Registered with the Finnish FSA as a foreign branch of a Swedish chartered bank with saving accounts as well as conducting lending	2013
	Registration with the Finnish FSA for cross-border activities for mediation of insurance class 16, Other financial loss (direct)	2013
Norway	Registration with the Norwegian FSA for cross-border lending	2003
Denmark	Registration with the Danish FSA for cross-border lending	2013
Estonia	Registration with the Estonian FSA for cross-border lending	2006
Latvia	Registration with the Latvian Financial and Capital Market Commission for cross-border lending	2013
Poland	Registration with the Polish FSA for cross-border lending	2012
	Registered with the Polish FSA as a foreign branch of a Swedish chartered bank conducting lending	2014

As an authorised bank within the EEA, the Company is affected by EU legislation, principally CRD IV and CRR. The EU Consumer Credit Directive (2008/48/EC) also affects the Company since each EU member state was required to enact harmonised legislation as a result of the Consumer Credit Directive. The implemented legislation differs across EU member states since each country decided independently which kind of reporting and licensing requirements apply to companies providing smaller loans.

The Company completes an analysis of the required licenses, memberships and registrations before commencing operations in a new jurisdiction. As a bank with a Swedish banking license, the Company is entitled to carry out activities within the EEA, either by establishing a physical presence through a branch or by providing cross border services under the EU freedom of services. Passport rights within EEA countries can be exercised after following the notification procedure in accordance with the Second Banking Directive (1989/646/EC).

If the Company wishes to carry out its business in a non-EEA country, it requires approval from the SFSA and a license from the supervisory authority in that country. The Company currently only operates in EU countries apart for Norway, which is part of the EEA, and is at present not analysing a market entry into a non-EEA country.

The Group acquired the Norwegian financial institution BB Finans in July 2015. Furthermore, the Group has partnered with Intrum Justitia to create the joint venture company Avarda. In September 2015 Avarda received a license to conduct certain consumer credit-related activities.

SUPERVISORY AUTHORITIES

The Company's Swedish banking license allows the bank to operate in all EEA countries. Sweden is the Company's host country and as a result it is mainly regulated and supervised by the SFSA even though there are certain regulatory requirements in the other jurisdictions such as a reporting requirements to the respective national financial supervisory authority.

CAPITAL REQUIREMENTS AND THE GROUP'S CAPITAL SITUATION

The current capital requirements and the Group's capital situation is described under "*Risk and capital management*".

It is important to note that there are several future regulatory requirements that could have an impact on the composition and level of the Company's own funds:

- A leverage ratio requirement (ratio between Tier 1 capital and the total non-risk weighted exposure amount). It is currently being reviewed with the expectation of a binding measure in 2018.
- During 2016 the Basel Committee plans to address the issue of variability of risk exposure amounts among banks by introducing capital floors, greater restrictions on modelling parameters and assumptions and a review of the standardised approaches to model the Pillar 1 risks.
- Fundamental Review of the Trading Book is expected to be implemented in 2019. The framework was finalised by the Basel Committee in January 2016 and covers measuring and reporting regulatory capital for market risk.
- A new accounting principle, IFRS 9, will be implemented in 2018, in which loan loss provisions will move from an "incurred loss" model to an "expected loss" model. Expected effects include a one-off deduction from capital when the requirement is implemented as well as increased volatility in net profit going forward.
- The EU's Bank Recovery and Resolution directive (2014/59/EU) was implemented in February 2016 through the Resolution Act and aims to halt public bailouts and introduce the so-called "bail-in" mechanism. The regulation sets the crisis management procedure for failing banks in terms of capital, bail-in or sale of assets, and use of resolution funds. Bail-ins require creditors of a distressed institution to accept some losses in order to save the relevant institution, e.g., non-secured loans may be written down by the relevant authorities or converted into shares. The Resolution Act also covers the minimum requirement of banks' total loss absorbing capacity and the requirement that certain debt investors shall absorb losses in certain circumstances.

Approval and reporting requirements of qualified shareholding in the Company

Pursuant to the BFBA (Chapter 14 Section 1), a new or existing shareholder attaining a qualified direct or indirect ownership of 10% or more of the shares, or that otherwise obtains a direct or indirect substantial influence, (a "**qualified shareholder**") has to be approved by the SFSA before the completion of the acquisition. This also applies to an increase of an existing qualified shareholder's holding of shares, which results in an ownership of 20%, 30% or 50% of the shares (direct and indirect ownership in the company). Prior approval from the SFSA is also required if the Company becomes a subsidiary of a qualified owner.

Pursuant to the BFBA (Chapter 14 Section 3), the SFSA needs to be informed in case an existing shareholder of the Company decides to divest a qualified ownership of shares resulting in a decrease to 10%, 20%, 30% or 50% of such shareholder's direct or indirect holding of the total amount of shares in the Company.

Directors, deputy directors, the managing director and the deputy managing director of a qualified shareholder must be approved by the SFSA pursuant to the rules regarding ownership management assessment (Sw. *ägarledningsprövning*) prior to starting to act in any such capacity.

CONSUMER CREDIT REGULATION

Regulations on consumer credits may be found in the Consumer Credit Act (Sw. *konsumentkreditlagen (2010:1846)*) ("**CCA**"). According to the CCA, a creditor shall, in relation to the consumer, observe what is called "sound lending practice". This means, *inter alia*, that the creditor shall protect the consumer's interests and provide the consumer with the necessary information.

The creditor shall, according to the CCA, also check if the consumer has the required prerequisites and financial ability to fulfil what it undertakes according to the credit agreement. The credit check shall be based on sufficient information on the consumer's financial situation. The credit may only be approved if the consumer has the financial ability to fulfil its undertaking.

In addition to the CCA, the Swedish Consumer Agency (Sw. *konsumentverket*) have issued regulations in the form of general advice on what shall be considered in connection with granting consumer credit. The SFSA and the Swedish Consumer Agency share the supervisory responsibility over the entities that both hold a licence granted by the SFSA and grant consumer credit.

The CCA has been amended in recent years to further protect the consumers' rights and the authorities have demonstrated that they will take actions to ensure compliance with the stricter regulations.

SWEDISH DEPOSIT PROTECTION PROGRAM

The Swedish Deposit Protection Program is a state-provided guarantee of deposits in all types of accounts in banks, securities companies and certain other financial institutions. The Swedish Deposit Protection Program guarantees the customers' deposits in the event the Company is declared bankrupt or if the SFSA decides that the insurance shall be activated. The Swedish Deposit Protection Program is administered by the Swedish National Debt Office, a state-controlled government agency.

If activated, the Swedish Deposit Protection Program guarantees each customer compensation amounting to the value of the total funds on his or her account(s) with the Company plus accrued interest until the time of the bankruptcy or the SFSA's decision. The maximum compensation is a SEK amount corresponding to EUR 100,000.

The compensation is paid by the Swedish National Debt Office within 20 business days from the date on which the Company was declared bankrupt or the SFSA ordered the insurance to be activated.

In March 2016 the Swedish Government proposed changes in the current legislation to implement directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes. If the amendments would enter into force, the maximum compensation would be SEK 950,000 (or, under certain extraordinary circumstances, SEK 5,000,000) and the compensation would have to be payed within seven business days from the date on which the company was declared bankrupt or the SFSA ordered the insurance to be activated. The changes are proposed to come into force on 1 July 2016.

ANTI-MONEY LAUNDERING AND TERRORIST FINANCING

A company that has been licensed under the BFBA must comply with the Money Laundering and Terrorist Financing (Prevention) Act (Sw. *lag (2009:62) om åtgärder mot penningtvätt och finansiering av terrorism*) ("**MLA**") and must, prior to entering into a business relationship with a new customer, verify the identity of such a customer and collect information regarding the purpose of the business relationship. Further, an entity which falls under the MLA must review the transactions undertaken by its customers and if the entity has reasons to suspect that a customer may be involved in money laundering or terrorist financing, the entity must notify the police.

Further, the entity shall refrain from executing such transactions which it suspects, or has reasonable ground to suspect, may constitute an element of money laundering of terrorist financing. The Company has adopted policies and routines in order to ensure compliance with the MLA legislation, and the relevant personnel are trained in these matters on a regular basis.

DATA PROTECTION

The processing of personal data is a central part of the Group's business. The processing of personal data by companies established within the EU is governed by the EU Data Protection Directive (95/46/EC) (the "**DPD**"). The DPD has been implemented by each member state into national law and may therefore vary across EU member states. The DPD requires that personal data is collected only for specified, explicit and legitimate purposes and may only be processed in a manner consistent with these purposes. Further, personal data must be adequate, relevant and not excessive in relation to the purposes for which it is collected and/or processed and it must not be kept for a longer period of time than necessary for the purposes of the collection.

The Group is subject to the supervision of local DPAs in each country where it operates. The Group has established data protection processes in order to comply with the relevant regulatory environments. These data protection processes include established data protection policies, information security policies, data retention policies and procedures for handling data subject requests.

On 15 December 2015, the new EU General Data Protection Regulation ("**GDPR**") was agreed between the EU Parliament, the Commission and the Council. The GDPR will mean a new era for the legal framework for data protection in the EU when it replaces the outdated DPD. It will also establish one set of rules across the EU as the GDPR will replace the national laws that implemented the previous DPD. The GDPR strengthens individuals' rights and imposes stricter requirements not only on data controllers but also on companies processing personal data. Other key components of the new GDPR include: (i) new consent requirements, (ii) obligation to appoint a data protection officer, (iii) a new mandatory notification obligation requiring data controllers to notify the authorities about any data breach without undue delay (when feasible, no later than 72 hours after having become aware of the breach) and to inform the affected data subjects about the breach, and (iv) substantial fines of up to 4% of the annual global turnover on a group basis for some breaches of the GDPR. On the bright side, the Group will no longer need to deal with the data protection authorities of each member state they operate in, but instead they will be accountable to a single national data protection authority in the EU member state in which it has its main establishment. The GDPR will have an impact on the business of the Group and measures must be taken to secure that the Group will be compliant when the GDPR enters into force in 2018.

TAX CONSIDERATIONS IN SWEDEN

The following is a general description of certain Swedish tax considerations relating to the Company´s shares. It does not purport to be a complete analysis of all tax considerations relating to the shares, whether in Sweden or elsewhere. Prospective shareholders should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the shares and the consequences of such actions under the tax laws of Sweden or foreign tax law or other rules. This summary is based upon the laws as in effect on the date of this Prospectus.

The summary is intended only for shareholders who are resident in Sweden for tax purposes, if not otherwise stated. The summary does not cover situations where shares are held as current assets in business operations or by a partnership. Furthermore, the summary does not cover special regulations governing shareholding in companies that are, or have previously been, closely held companies or shares acquired on the basis of such holdings, or other specific situations and rules.

INDIVIDUALS

Capital gains taxation

Individuals who sell their shares are subject to capital gains tax. The current tax rate is 30% of the capital gain. The capital gain is calculated as the difference between the sales proceeds, after deduction for sales expenses, and the shares' acquisition cost for tax purposes. The acquisition cost is determined according to the "average cost method". This means that the costs for all shares of the same type and class are added together and determined collectively, with respect to changes to the holding. Alternatively, "the standard rule", according to which the acquisition cost is deemed to be equal to 20% of the net sales price may be applied on the disposal of listed shares. Capital losses on listed shares are fully deductible against taxable capital gains on shares during the same fiscal year. The loss is also deductible against gains on other listed securities that are taxed in the same manner as shares (except for shares in mutual funds containing only Swedish receivables). A loss in excess of the above mentioned gains is deductible with 70% against any other taxable income derived from capital. If a deficit arises in the income from capital category, a reduction of the tax on income from employment and from business, as well as the tax on real estate, is allowed. The tax reduction allowed amounts to 30% of any deficit not exceeding SEK 100,000 and 21% of any deficit in excess of SEK 100,000. Deficits may not be carried forward to a later fiscal year.

Dividend taxation

In general, dividends on listed shares are taxed in Sweden at a rate of 30% as income from capital for individuals. The Company assumes responsibility for deducting tax in relation to the dividends where required.

LIMITED LIABILITY COMPANIES

Capital gains

Swedish limited liability companies are taxed on all income as income from business activities at a flat rate of 22%. Regarding the calculation of a capital gain or loss and the acquisition cost, see "*Individuals*". A capital loss on shares incurred by a corporate shareholder may be offset only against capital gains on shares or other securities that are taxed in the same manner as shares. Such capital losses may, under certain circumstances, also be deductible against capital gains on such securities within the same group of companies, provided the requirements for group contributions are met. Capital losses on shares or other such securities, which have not been deducted from capital gains within a certain year, may be carried forward and be offset against similar capital gains in future years without any limitation in time. Capital gains on listed shares in Swedish limited liability companies and foreign equivalents, are tax-exempt (and capital losses on such shares are non-deductible) provided that the holding represents at least 10% of the voting rights of all shares. Exemption may also be available provided the holding is conditioned by the shareholder's (or affiliated company's) business. However, this exemption only applies to capital gains on listed shares if they are held not less than one year from the day any of the above holding requirements were met.

Dividend taxation

In general, dividends on shares are taxed in Sweden at a rate of 22% as ordinary income from business activities. Dividends on listed shares in limited liability companies, including foreign equivalents, are tax exempt provided that the holding represents at least 10% of the voting rights of all shares (or the holding is conditioned by the shareholder's, or affiliated company's business). The dividend tax exemption only applies if the listed shares are not disposed of within one year from the day any of the above holding requirements were met. The shares do not have to have been held continuously for one year at the date of distribution. Taxation will, however, be triggered if the shares are sold (or otherwise ceases to be entitled to the tax exemption) before the one year holding period requirement is met. A dividend on shares that ceases to be covered by the tax exemption may therefore be subject to tax in a different fiscal year than the dividend was received.

The Company assumes responsibility for deducting tax in relation to dividends where required.

OTHER TAXES

No Swedish capital transfer tax, value added tax, stamp duty or similar taxes are levied on the purchase or disposal of shares or other forms of share transfer. Wealth tax is currently not levied in Sweden.

CERTAIN TAX ISSUES FOR SHAREHOLDERS WHO ARE NOT RESIDENT IN SWEDEN

Individual shareholders who are not or has not been resident in Sweden for Swedish tax purposes are generally not subject to tax in Sweden on capital gains realised upon the sale or other disposal of shares. Shareholders may, however, be subject to taxation in their country of domicile and elsewhere. Under a domestic Swedish tax provision, non-Swedish tax resident individuals may be subject to Swedish capital gains taxation upon a sale or other disposal of shares in Swedish corporate entities if the individual were resident or lived permanently in Sweden at any time during the calendar year of such disposal or during the previous ten calendar years preceding the year of disposal. The applicability of this provision may however be limited by an applicable tax treaty between Sweden and other countries.

Foreign legal entities are not liable to Swedish capital gains tax upon a sale or other disposal of shares, provided that the shares are not pertaining to a permanent establishment in Sweden. If shares are attributable to a permanent establishment in Sweden, the rules concerning tax-exempt dividends and capital gains described above are applicable with certain limitations.

A Swedish withholding tax at a rate of 30% is according to the general rule imposed on dividends paid by a Swedish company, such as a listed company, to legal entities and private individual shareholders that are not tax resident in Sweden. This also applies to certain other payments, such as payments as a result of a redemption of shares and a repurchase of shares as a result of an offer directed to its shareholders. Exemption from the withholding tax or a lower rate may apply by virtue of a tax treaty or domestic Swedish legislation. Generally, withholding tax at the applicable rate should be withheld by the payer of the dividends. With regard to dividends paid in respect of shares in companies registered with Euroclear Sweden (such as the relevant shares), a reduced rate of withholding tax, if applicable, is generally applied at the source by Euroclear Sweden, or if the shares are registered with a nominee, by the nominee. This however requires that the person entitled to the dividend is registered as non-resident and sufficient information regarding the tax residency of the beneficial owner has been provided to Euroclear Sweden or the nominee.

In cases where Swedish withholding tax is withheld at the rate of 30% and the person that receives the dividend is entitled to a reduced rate under a tax treaty, a refund may be claimed from the Swedish Tax Agency before the end of the fifth calendar year after the distribution of the dividend.

DEFINITIONS AND GLOSSARY

The following terms used in this Prospectus have the meanings assigned to them below (unless the context require otherwise):

"ABG"	ABG Sundal Collier AB.
"Articles of Association"	The articles of association of the Company.
"Avarda"	Avarda AB (the joint venture of the Company with Intrum Justitia).
"Avarda Territories"	Sweden, Finland, Norway and Denmark.
"BB Finans"	BB Finans ASA.
"BFBA"	The Swedish Banking and Financing Business Act (Sw. *lag (2004:297) om bank och finansieringsrörelse*).
"Carnegie"	Carnegie Investment Bank AB (publ).
"CCA"	Consumer Credit Act (Sw. *konsumentkreditlagen (2010:1846)*).
"CET1"	Common equity tier 1.
"Code"	The Swedish Corporate Governance Code.
"Company" or "TF Bank"	TF Bank AB, a Swedish public limited liability company.
"Consortio Fashion Group"	Consortio Fashion Group AB and five of its fully owned subsidiaries.
"Cornerstone Investors"	Swedbank Robur Fonder, Erik Selin, through Erik Selin Fastigheter AB and Lazard Asset Management.
"CRD IV"	The EU Capital Requirements Directive (2013/36/EU).
"Credit Decision Work Flow"	TF Bank's automated in-house credit analysis engine that analyses given datapoints according to specified parameters for given markets and products.
"CRR"	The Capital Requirements Regulation (575/2013).
"Data Protection Regulation"	The EU General Data Protection Regulation No (EU) 2016/679.
"Direct to Consumer segment"	The Group's direct to consumer business segment.
"DPA""	(Swedish) Data Protection Authority.
"DPD"	Data Protection Directive (95/46/EC).
"EBA"	European Banking Authority.
"EEA"	The European Economic Area.
"EU"	The European Union.
"euro" or "EUR"	The single European currency adopted by certain participating member states of the European Union.
"Euroclear Sweden"	Euroclear Sweden AB.
"GDPR"	General Data Protection Regulation.
"Global Coordinator"	Carnegie.
"Group"	The group of which TF Bank is the parent company.
"IASB"	International Accounting Standards Board.
"IFRS"	International Financial Reporting Standards as adopted by the European Union.
"Intrum Justitia"	Intrum Justitia AB.
"Joint Bookrunners"	Carnegie and ABG.
"Joint Venture Agreement"	The Avarda joint venture agreement entered into between TF Bank and Intrum Justitia.
"Lock-up Period"	360 days after the first day of trading on Nasdaq Stockholm.
"LTM Period"	The last 12 month period from 1 April 2015 to 31 March 2016.
"MLA"	Money Laundering and Terrorist Financing (Prevention) Act (Sw. *lag (2009:62) om åtgärder mot penningtvätt och finansiering av terrorism*).
"NOK"	Norwegian krone, the national currency of Norway.
"Nordea Facility Agreement"	Master agreement for credit facilities with Nordea Bank AB and Nordea Finans Sverige AB.
"Odin Kapital"	Odin Kapital AS.
"Offering"	The offering of up to 5,661,553 shares in the Company described in this Prospectus.
"Over-allotment Option"	An option for the Joint Bookrunners to purchase an additional 849,126 shares to cover possible oversubscription of the Offering.
"Placing Agreement"	The placing agreement to be entered into between the Company, the Selling Shareholders and the Joint Bookrunners.
"PLN"	Polish zloty, the national currency of Poland.
"Phoenix"	The Group's proprietary loan origination system.
"Prospectus"	This prospectus.
"RFR 1"	Supplementary Accounting Rules for groups RFR 1, issued by the Swedish Financial Reporting Board
"Sales Finance segment"	The Group's sales finance business segment.
"Securities Act"	U.S. Securities Act of 1933.
"SEK"	Swedish krona, the national currency of Sweden.
"Selling Shareholders"	TFB Holding, Förvaltningsaktiebolaget Segersta, Gurrfinans AB, Aktiebolaget Add Value, Mattias Carlsson, KAAX Investment AB, Tiberon AB, AB Monarda, Pehr Petersson, TPS Investment AB, Merizole Holding Ltd and Johannes Rintaniemi.
"SFSA"	The Swedish Financial Supervisory Authority (Sw. Finansinspektionen).
"Swedish Deposit Protection Program"	The Swedish government-run deposit protection program.
"Swedish Personal Data Act"	Swedish Personal Data Act (Sw. personuppgiftslag (1998:204)).
"TFB Holding"	TFB Holding AB.
"Valuation Mechanism"	The valuation mechanism to be used if the exercising party has the right under the options to acquire all of the other party's shares under the Joint Venture Agreement.

HISTORICAL FINANCIAL INFORMATION

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Financial report for the period 1 January – 31 March 2016

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Unless otherwise stated, all amounts refer to thousands of Swedish kronor (SEK thousand).

INCOME STATEMENT, GROUP

SEK thousand	Note	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
	1, 2, 3, 9			
Operating income				
Interest income		102,001	93,653	385,846
Interest expense		(12,154)	(9,285)	(37,602)
Net interest income		**89,847**	**84,368**	**348,244**
Fee and commission income		12,492	10,938	45,882
Fee and commission expenses		(1,971)	(1,104)	(5,960)
Net fee and commission income		**10,521**	**9,834**	**39,922**
Net results from financial transactions		236	(34)	(153)
Total operating income		**100,604**	**94,168**	**388,013**
General administrative expenses		(33,426)	(26,457)	(118,272)
Depreciation, amortisation and impairment charges of tangible and intangible assets		(1,034)	(1,013)	(4,568)
Other operating expenses		(4,093)	(5,689)	(20,579)
Total operating expenses		**(38,553)**	**(33,159)**	**(143,419)**
Profit before loan losses		**62,051**	**61,009**	**244,594**
Net loan losses		(27,979)	(30,229)	(108,047)
Items affecting comparability		(6,102)	-	(18,232)
Operating profit		**27,970**	**30,780**	**118,315**
Income tax expense		(5,227)	(7,623)	(28,906)
Net profit for the period		**22,743**	**23,157**	**89,409**
Attributable to:				
Shareholders of the Parent company		24,255	23,715	93,235
Non-controlling interests		(1,512)	(558)	(3,826)
Basic earnings per share (SEK)		1.13	1.10	4.34
Diluted earnings per share (SEK)		1.13	1.10	4.34

STATEMENT OF COMPREHENSIVE INCOME, GROUP

SEK thousand	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Net profit for the period	**22,743**	**23,157**	**89,409**
Other comprehensive income:			
Items that may be reclassified subsequently to the income statement			
Gross fair value gains/losses on available for sale financial assets	939	-	-
Tax on fair value gains/losses during the period	(235)	-	-
Gross currency translation differences	(5)	2	(1,278)
Tax on currency translation differences during the period	369	-	(1,339)
Other comprehensive income, net of tax	**1,068**	**2**	**(2,617)**
Total comprehensive income for the period	**23,811**	**23,159**	**86,792**
Attributable to:			
Shareholders of the Parent company	25,317	23,717	90,674
Non-controlling interests	(1,506)	(558)	(3,882)

BALANCE SHEET, GROUP

SEK thousand	Note	31 Mar 2016	31 Dec 2015
	1, 2, 3, 4, 5, 9		
ASSETS			
Cash and balances with central banks		29,560	29,445
Treasury bills eligible for refinancing		60,193	60,075
Loans to credit institutions		755,867	777,811
Loans to the public	6	2,012,186	1,837,578
Shares		1,086	-
Goodwill		11,812	11,536
Intangible assets		12,791	12,406
Tangible assets		1,420	1,516
Other assets		2,811	9,582
Current tax assets		8,573	1,288
Deferred tax assets		3,105	2,235
Prepaid expenses and accrued income		24,649	34,297
Total assets		**2,924,053**	**2,777,769**
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions		1,917	516
Deposits and borrowings from the public		2,368,305	2,229,562
Other liabilities		17,211	25,925
Current tax liabilities		2,102	-
Deferred tax liabilities		14,242	14,253
Accrued expenses and prepaid income		47,740	59,280
Subordinated liabilities		97,150	97,000
Total liabilities		**2,548,667**	**2,426,536**
Equity	7		
Share capital (21,500,000 shares of SEK 5 each)		107,500	107,500
Other reserves		389	(673)
Retained earnings		238,445	144,868
Net profit for the period attributable to the shareholders of the Parent company		24,255	93,235
Total equity attributable to the shareholders of the Parent company		**370,589**	**344,930**
Non-controlling interests		4,797	6,303
Total equity		**375,386**	**351,233**
TOTAL LIABILITIES AND EQUITY		**2,924,053**	**2,777,769**

CASH FLOW STATEMENT, GROUP

SEK thousand	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Operating activities			
Operating profit	27,970	30,780	118,315
Adjustment for items not included in cash flow:			
Depreciation and amortisation	1,034	1,013	4,568
Accrued interest income and expense	(19,497)	(25,929)	(8,198)
Other non-cash items	1,191	2	(1,240)
Paid income tax	(10,041)	(7,108)	(12,074)
	657	**(1,242)**	**101,371**
Increase/decrease in loans to the public	(174,608)	(31,798)	(42,081)
Increase/decrease in other short-term claims	14,699	4,804	1,462
Increase/decrease in deposits and borrowings from the public	138,743	14,456	240,019
Increase/decrease in other short-term liabilities	(1,004)	12,519	(34,701)
Cash flow from operating activities	**(21,513)**	**(1,261)**	**266,070**
Investing activities			
Investments in tangible assets	(86)	(215)	(630)
Investments in intangible assets	(1,513)	(2,968)	(7,999)
Acquisition of associated undertakings	-	-	(73,741)
Cash flow from investing activities	**(1,599)**	**(3,183)**	**(82,370)**
Financing activities			
New share issue	-	1,011	1,019
Shareholder's contribution	-	1,960	9,310
Change in liabilities to credit institutions	1,401	-	516
Issue of subordinated tier 2 loan	-	-	97,000
Group contributions paid	-	(56,840)	(56,840)
Dividends paid	-	(905)	(18,105)
Cash flow from financing activities	**1,401**	**(54,774)**	**32,900**
Cash flow for the period	**(21,711)**	**(59,218)**	**216,600**
Cash and cash equivalents at the beginning of period	**867,331**	**650,731**	**650,731**
Cash and cash equivalents at the end of period	**845,620**	**591,513**	**867,331**
Cash flow from operating activities includes interest expenses paid and interest payments received with the following amounts:			
Interest expenses paid	31,415	34,893	45,176
Interest payments received	100,865	99,403	388,957

STATEMENT OF CHANGES IN EQUITY, GROUP

SEK thousand	Share capital	Other reserves	Retained earnings	Net profit for the period	Non-controlling interests	Total equity
Balance as at 1 Jan 2015	**5,000**	**1,887**	**165,787**	**99,543**	**-**	**272,217**
Net profit for the year	-	-	-	93,235	(3,826)	89,409
Gross currency translation differences	-	(1,221)	-	-	(57)	(1,278)
Tax on currency translation differences during the period	-	(1,339)	-	-	-	(1,339)
Total comprehensive income for the period, net of tax	**-**	**(2,560)**	**-**	**93,235**	**(3,883)**	**86,792**
Transfer to retained earnings	-	-	99,647	(99,543)	(104)	-
Dividends	-	-	(18,105)	-	-	(18,105)
Bonus issue	102,500	-	(102,500)	-	-	-
New share issue	-	-	39	-	980	1,019
Shareholder's contribution	-	-	-	-	9,310	9,310
Balance as at 31 Dec 2015	**107,500**	**(673)**	**144,868**	**93,235**	**6,303**	**351,233**
Balance as at 1 Jan 2016	**107,500**	**(673)**	**144,868**	**93,235**	**6,303**	**351,233**
Net profit for the period	-	-	-	24,255	(1,512)	22,743
Gross fair value gains/losses on available for sale financial assets	-	939	-	-	-	939
Tax on fair value gains/losses during the period	-	(235)	-	-	-	(235)
Gross currency translation differences	-	(11)	-	-	6	(5)
Tax on currency translation differences during the period	-	369	-	-	-	369
Total comprehensive income for the period, net of tax	**-**	**1,062**	**-**	**24,255**	**(1,506)**	**23,811**
Transfer to retained earnings	-	-	93,235	(93,235)	-	-
Transfer from equity	-	-	342	-	-	342
Balance as at 31 Mar 2016	**107,500**	**389**	**238,445**	**24,255**	**4,797**	**375,386**

NOTES

NOTE 1 General information

Ownership in TF Bank AB is divided between TFB Holding AB (556705-2997), which owns 79.35%, and private investors who own 20.65%.

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

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

Subsidiaries
- TFB Service OÜ (12676808) 100%
- Avarda AB (556986-5560) 51%
- Avarda Oy (2619111-6) 51%
- BB Finans AS (935590221) 100%
- Confide AS (948063603) 100%

NOTE 2 Credit risk

Financial risks
The Group's activities are exposed to a variety of financial risks: market risk (considerable currency and interest rate risk in the cash flow), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial results. TF Bank uses derivative instruments to hedge certain foreign currency exposure and applies hedge accounting for some net investments in its foreign operations.

The Board of Directors establishes written policies and control documents. Compliance with the governing documents as well as the level of the Group's credit risk are measured and reported to the Group's management and Board of Directors on an ongoing basis.

Credit risk is the risk that a counterparty causes the Group a financial loss by not fulfilling its contractual obligations. Credit risk arises primarily through loans to the public but also through cash and cash equivalents and derivatives with a positive value. Credit risk is the most significant risk in the Group and is monitored closely by the relevant functions and by the Board of Directors, who has the ultimate responsibility for managing credit risk. The Board of Directors has issued a credit policy which sets the guidelines for the Group's lending activities. A credit committee monitors the development of the levels of credit risk in the loan portfolios and determines changes and suggests updates in the Group's lending within the set credit policy. The performance of the credit portfolio is regularly reported to the Board of Directors.

Before a loan is issued, a risk assessment is made of the customer's creditworthiness, taking into account the customer's financial position, previous experiences and other factors. Individual risk limits are defined based on internal or external credit assessments in accordance with the limits set by the Board of Directors. The use of credit limits is regularly monitored. The Group cannot grant any loans or credits to legal entities without the approval by the Board of Directors. By only approving counterparties with an investment grade credit rating and by setting limits for the maximum exposure to each counterparty the Board of Directors also limits the credit risk arising from cash management activities.

The Group's credit approval process has high standards regarding ethics, quality and control. Despite credit risk being the largest risk exposure for the Group, the provision for loan losses is small in proportion to the outstanding loan volume (see below and note 6). This is because the Group regularly sells non-performing loans to debt collection specialist entities when the Board of Directors considers the price level to be favourable, when compared to keeping the non-performing receivables on the balance sheet. This is currently the case for most of the markets. This implies that the Group continuously realises actual loan losses through sales of non-performing loans. The remaining portfolio has a limited number of non-performing loans and consequently relatively low level of provisions.

The objective for the Group's process of monitoring overdue payments and unsettled loans and receivables is to minimise loan losses by detecting payment issues early and following up with customers where needed. The monitoring is supported by a separate "pre-collection" system for overdue payments with automatic functions and reminders.

The Group's loans to the public consists primarily of unsecured consumer loans. For this reason the Group does not list credit risk exposures in a separate table, as there are limited assets pledged as security, while the at the same time the size of the reserves in relation to the credit volume is low. At the balance sheet date, the composition of the credit portfolio for loans to the public is as follows:

Group SEK thousand	31 Mar 2016	31 Dec 2015
Loans, not past due	1,719,267	1,569,993
Loans past due, 1 - 10 days	161,163	137,389
Loans past due, 11 - 69 days	72,488	81,983
Non-performing loans	102,084	88,860
Total	**2,055,002**	**1,878,225**
Provision for expected loan losses	(42,816)	(40,647)
Total loans to the public	**2,012,186**	**1,837,578**

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

CREDIT QUALITY OF FULLY PERFORMING LOANS

Group SEK thousand	31 Mar 2016	31 Dec 2015
Household sector		
Low risk	962,643	1,000,104
Medium risk	593,760	297,385
High risk	320,388	424,697
Unrated	76,127	67,179
Total household sector	**1,952,918**	**1,789,365**

The approval of a loan application from a new customer is primarily based on information provided by the customer, information inferred from customers in the same socio demographic group and other variables regarding the individual customer retrieved from external sources. How the information is used and weighted in the model is determined from a risk perspective by an in-depth analysis of the individual customer and the Group's existing customer data base. The Group can use both internal ratings and ratings provided by external providers (credit bureaus in the respective markets) to ensure that the risk assessment is as cost effective, accurate and precise as possible. Both ratings are performed independently but can be used together in the Group's credit assessment. This rating model is primarily applied to new customers, whilst existing customers with a payment history and updated variables have proven to be good sources for a renewed credit assessment.

Note 2 cont.

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

Group SEK thousand	31 Mar 2016	31 Dec 2015
Cash and balances with central banks		
AA+	29,560	29,445
Treasury bills eligible for refinancing		
AAA	60,193	60,075
Loans to credit institutions		
A-1+	193,636	206,642
A-1	562,113	568,478
A-2	2,629	4,124
Other assets		
A-1+	905	-
Unrated	1,656	5,770
Total	**850,692**	**874,534**

Other assets within A-1+ relate to derivatives with a positive value.

Impairment of financial assets

The Group assesses on a monthly basis whether there is objective evidence of impairment of a financial asset or group of financial assets. A financial asset or group of assets is impaired, and an impairment loss is recognised, only if there is objective evidence of impairment as a result of one or several events occurring after the initial recognition of the asset ("**a loss event**") and this event, or events, affect the estimated cash flows of the financial asset or group of financial assets and this effect can be accurately estimated.

An impairment loss on loans and receivables is recognised when there is objective evidence that the Group will not be able to recover overdue amounts in accordance with the original terms and conditions for the receivables. The Group applies a collective impairment approach since the portfolio consists of loans of limited amounts and receivables where an individual assessment is not required. The Group uses a statistical approach in two steps to determine the provisions:

- Loans and receivables where a loss event occurred for a single receivable or for a group of receivables.
- Loans and receivables which are more than 69 days overdue and where the loan has been cancelled (non-performing loans).

When a loss event has occurred, a provision is made by assessing the present value of future cash flows based on the probability that the loan will be terminated using historical data. The expected future cash flow is based on calculations which take into account historical redemption rates and other historical data. Historical data is used to estimate future cash flows in the markets where the Group has decided not to sell the non-performing loans.

Provisions for non-performing loans are calculated as the difference between the carrying amount of the asset and the present value of future cash flows, discounted using the original interest rate of the loan. The expected future cash flow is based on calculations which take into account historical redemption rates, which are applied to each generation of non-performing loans.

All loans and receivables that neither have a loss event nor are more than 69 days overdue are assessed whether they should be collectively impaired. The loans and receivables are reviewed to find loss events that could lead to a financial loss for the Group, e.g. increased unemployment rate. Events preceding this might be, e.g. large notices and financial instability, which could have a negative impact on the solvency of the customers after the event occurred. Management makes quarterly qualitative assessments to assess the change since the last quarter to determine whether to increase or decrease the collective provision. Management assesses each market where the Group has operations.

Loans and receivables that are sold are removed from the collective provision and the difference between the carrying amount of the asset and the present value are recognised as a loss. Non-performing loans are recognised as an actual loss when they have been reported by the debt collection agency as being assigned to long-term monitoring, when it has been established that the customer is deceased or when another loss event has been identified. Amounts received relating to previous actual losses are recognised through profit or loss.

NET LOAN LOSSES

Group SEK thousand	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Change in the provision for sold non-performing loans	(23,673)	(27,791)	(96,394)
Realised loan losses	(3,821)	(5,035)	(17,149)
Recovered from previous write-offs	1,404	1,947	8,293
Change in provision for other expected loan losses	(1,889)	650	(2,797)
Net loan losses	**(27,979)**	**(30,229)**	**(108,047)**

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

NOTE 3 Operating segments

The CEO has the ultimate responsibility for the decisions being taken by the Group. Management has defined the operating segments based on the information determined by the CEO and used as a basis for decisions on the allocation of resources and evaluation of results.

The Board of Directors evaluates the operating segments' performance based on their operating profits.

DIRECT TO CONSUMER

Income statement SEK thousand	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Net interest income	79,229	73,066	303,454
Net fee and commission income	5,710	3,699	18,275
Net results from financial transactions	177	(26)	(195)
Total operating income	**85,115**	**76,739**	**321,534**
General administrative expenses	(23,308)	(18,386)	(82,026)
Depreciation, amortisation and impairment charges of tangible and of intangible assets	(809)	(771)	(3,460)
Other operating expenses	(3,891)	(5,295)	(19,967)
Total operating expenses	**(28,008)**	**(24,452)**	**(105,453)**
Profit before loan losses	**57,107**	**52,287**	**216,082**
Net loan losses	(22,746)	(23,846)	(85,648)
Operating profit	**34,361**	**28,441**	**130,434**
Attributable to:			
The shareholders of the Parent company	34,361	28,441	130,434
Non-controlling interests	-	-	-

Balance sheet SEK thousand	31 Mar 2016	31 Dec 2015
Loans to the public		
Household sector	1,629,106	1,487,235
Corporate sector	-	-
Total loans to the public	**1,629,106**	**1,487,235**
Household sector		
Net performing loans	1,563,681	1,418,419
Net non-performing loans	65,425	68,816
Total household sector	**1,629,106**	**1,487,235**

SALES FINANCE

Income statement SEK thousand	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Net interest income	10,618	11,302	44,790
Net fee and commission income	4,811	6,135	21,647
Net results from financial transactions	59	(8)	42
Total operating income	**15,489**	**17,429**	**66,479**
General administrative expenses	(10,118)	(8,071)	(36,246)
Depreciation, amortisation and impairment charges of tangible and of intangible assets	(225)	(242)	(1,108)
Other operating expenses	(202)	(394)	(613)
Total operating expenses	**(10,545)**	**(8,707)**	**(37,967)**
Profit before loan losses	**4,943**	**8,722**	**28,512**
Net loan losses	(5,233)	(6,383)	(22,399)
Operating profit	**(289)**	**2,339**	**6,113**
Attributable to:			
The shareholders of the Parent company	1,649	3,055	11,055
Non-controlling interests	(1,938)	(716)	(4,892)

Balance sheet SEK thousand	31 Mar 2016	31 Dec 2015
Loans to the public		
Household sector	383,080	350,343
Corporate sector	-	-
Total loans to the public	**383,080**	**350,343**
Household sector		
Net performing loans	378,588	347,565
Net non-performing loans	4,492	2,778
Total household sector	**383,080**	**350,343**

Note 3 cont.

GROUP

Income statement SEK thousand	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Operating income			
Operating income, Direct to Consumer	85,115	76,739	321,534
Operating income, Sales Finance	15,489	17,429	66,479
Total operating income for the Group	**100,604**	**94,168**	**388,013**
Operating profit			
Operating profit, Direct to Consumer	34,361	28,441	130,434
Operating profit, Sales Finance	(289)	2,339	6,113
Items affecting comparability	(6,102)	-	(18,232)
Total operating profit for the Group	**27,970**	**30,780**	**118,315**

Balance sheet SEK thousand	31 Mar 2016	31 Dec 2015
Loans to the public		
Loans to the public, Direct to Consumer	1,629,106	1,487,235
Loans to the public, Sales Finance	383,080	350,343
Total loans to the public for the Group	**2,012,186**	**1,837,578**

NOTE 4 Classification of financial assets and liabilities

Group, 31 Mar 2016 SEK thousand	Financial instruments at fair value through profit or loss		Available for sale financial assets	Loans and receivables	Derivatives used for hedging	Other financial assets/ liabilities	Total
	Held for trading	*Designated at fair value through profit or loss*					
Assets							
Cash and balances with central banks	-	-	-	29,560	-	-	29,560
Treasury bills eligible for refinancing	-	-	60,193	-	-	-	60,193
Loans to credit institutions	-	-	-	755,867	-	-	755,867
Loans to the public	-	-	-	2,012,186	-	-	2,012,186
Shares	-	-	1,086	-	-	-	1,086
Derivatives	905	-	-	-	-	-	905
Total assets	**905**	**-**	**61,279**	**2,797,613**	**-**	**-**	**2,859,797**
Liabilities							
Liabilities to credit institutions	-	-	-	-	-	1,917	1,917
Deposits and borrowings from the public	-	-	-	-	-	2,368,305	2,368,305
Subordinated liabilities	-	-	-	-	-	97,150	97,150
Derivatives	-	-	-	-	177	-	177
Total liabilities	**-**	**-**	**-**	**-**	**177**	**2,467,372**	**2,467,549**

Note 4 cont.

Group, 31 Dec 2015 SEK thousand	Financial instruments at fair value through profit or loss		Available for sale financial assets	Loans and receivables	Derivatives used for hedging	Other financial assets/ liabilities	Total
	Held for trading	*Designated at fair value through profit or loss*					
Assets							
Cash and balances with central banks	-	-	-	29,445	-	-	29,445
Treasury bills eligible for refinancing	-	-	60,075	-	-	-	60,075
Loans to credit institutions	-	-	-	777,811	-	-	777,811
Loans to the public	-	-	-	1,837,578	-	-	1,837,578
Shares	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-
Total assets	**-**	**-**	**60,075**	**2,644,834**	**-**	**-**	**2,704,909**
Liabilities							
Liabilities to credit institutions	-	-	-	-	-	516	516
Deposits and borrowings from the public	-	-	-	-	-	2,229,562	2,229,562
Subordinated liabilities	-	-	-	-	-	97,000	97,000
Derivatives	3,090	-	-	-	-	-	3,090
Total liabilities	**3,090**	**-**	**-**	**-**	**-**	**2,327,078**	**2,330,168**

NOTE 5 Financial assets and liabilities measured at fair value

Fair value
Disclosures are required on fair value measurement by level in fair value hierarchy for financial instruments measured at fair value in the balance sheet:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Data other than quoted market prices included in Level 1 that are observable for the assets or liabilities, either directly, i.e. in the form of quoted prices, or indirectly, i.e. derived from quoted prices (Level 2).
- Data for the assets or liabilities which are not based on observable market data (non-observable inputs) (Level 3).

The Group also provides information regarding the fair value of certain assets for information purposes.

Group, 31 Mar 2016 SEK thousand	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills eligible for refinancing	-	60,193	-	60,193
Shares	-	1,086	-	1,086
Derivatives	-	905	-	905
Total assets	**-**	**62,184**	**-**	**62,184**

Group, 31 Dec 2015 SEK thousand	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills eligible for refinancing	-	60,075	-	60,075
Derivatives	-	-	-	-
Total assets	**-**	**60,075**	**-**	**60,075**

Financial instruments in Level 2
The fair value of financial instruments not traded in an active market (e.g. OTC derivatives) is determined using various valuation techniques. These valuation techniques use observable market data where available and rely as little as possible on entity specific estimates. An instrument is classified as Level 2 if all significant inputs required to value an instrument are observable.

An instrument is classified as Level 3 in cases where one or more of the significant inputs are not based on observable market data.

Specific valuation techniques used to value financial instruments include:
- Quoted market prices or dealer quotes for similar instruments.
- Fair value of currency swap contracts is determined using forward exchange rates at the balance sheet date.

Note 5 cont.

For loans to the public the fair value is based on the discounted cash flows using an interest rate based on the market interest rate at the balance sheet date, which was 25.10% as at 31 March 2016 and 25.47% as at 31 December 2015.

Group, 31 Mar 2016 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/Fair value loss (-)
Assets			
Cash and balances with central banks	29,560	29,560	-
Treasury bills eligible for refinancing	60,193	60,193	-
Loans to credit institutions	755,867	755,867	-
Loans to the public	2,012,186	2,012,186	-
Shares	1,086	1,086	-
Derivatives	905	905	-
Total assets	**2,859,797**	**2,859,797**	**-**
Liabilities			
Liabilities to credit institutions	1,917	1,917	-
Deposits and borrowings from the public	2,368,305	2,368,305	-
Subordinated liabilities	97,150	97,150	-
Derivatives	177	177	-
Total liabilities	**2,467,549**	**2,467,549**	**-**

Group, 31 Dec 2015 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/ Fair value loss (-)
Assets			
Cash and balances with central banks	29,445	29,445	-
Treasury bills eligible for refinancing	60,075	60,075	-
Loans to credit institutions	777,811	777,811	-
Loans to the public	1,837,578	1,837,578	-
Derivatives	-	-	-
Total assets	**2,704,909**	**2,704,909**	**-**
Liabilities			
Liabilities to credit institutions	516	516	-
Deposits and borrowings from the public	2,229,562	2,229,562	-
Subordinated liabilities	97,000	97,000	-
Derivatives	3,090	3,090	-
Total liabilities	**2,330,168**	**2,330,168**	**-**

NOTE 6 Loans to the public

Group SEK thousand	**31 Mar 2016**	31 Dec 2015
Loans to the household sector	2,012,186	1,837,578
Loans to the corporate sector	-	-
Total loans to the public	**2,012,186**	**1,837,578**
Loans to the household sector		
Gross loans	2,055,002	1,878,225
Provision for expected loan losses	(42,816)	(40,647)
Loans, net book value	**2,012,186**	**1,837,578**
Geographic distribution of net loans		
Sweden	659,428	654,684
Finland	726,005	659,977
Norway	311,631	227,813
Estonia	179,766	174,297
Poland	96,943	85,278
Denmark	36,703	34,007
Latvia	1,710	1,522
Total loans, net book value	**2,012,186**	**1,837,578**

CHANGE IN PROVISION FOR ACTUAL AND EXPECTED LOAN LOSSES

Group SEK thousand	**31 Mar 2016**	31 Dec 2015
Opening balance	(40,647)	(32,737)
Change in provision for sold non-performing loans	(23,673)	(96,394)
Reversal in provision for sold non-performing loans	23,673	96,394
Change in provision for other loan losses	(1,889)	(2,797)
Acquired provisions	-	(6,106)
Other adjustments [1]	(280)	993
Closing balance	**(42,816)**	**(40,647)**

[1] Other adjustments consist of currency translation differences.

NOTE 7 Capital adequacy analysis

Background
Information about the Group's capital adequacy includes information in accordance with chapter 6, 3-4 §§, Swedish Financial Supervisory Authority's regulations (FFFS 2008:25) on annual accounts of credit institutions and securities companies and related information contained in Articles 92.3 d and f, 436 b and 438 of the Regulation (EU) No 575/2013, commonly referred to as the Capital Requirements Regulation ("**CRR**"), chapter 8, 7 §, of the Swedish FSA's regulations and general guidelines on regulatory requirements and capital buffers (FFFS 2014:12) and column A of Annex 6 of the Commission Implementing Regulation (EU) No 1423/2013. Other information required by FFFS 2014:12 and CRR is provided on the Parent company's website www.tfbankgroup.com.

Own funds and capital requirements
The Group and Parent company's statutory capital requirements is governed by the Swedish Special Supervision of Credit Institutions and Investment Firms Act (2014:968), CRR, regulation 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 manage their risks and protect its customers. The regulations state that the Group's own funds must cover the capital requirements including the minimum capital requirements (capital requirement for credit risk, market risk and operational risk).

The Group's consolidated situation, with TF Bank AB as responsible institute, was established during the third quarter of 2014. The Group is currently not under supervision and the numbers below have been calculated for presentation in this interim report.[1] The capital situation of the Group has been calculated using the full IFRS consolidated accounts. The aim is to change the legal structure in 2016 and as a result the Group with TF Bank AB as the parent company would become the consolidated situation required to report to the Swedish FSA.

[1] The basis for the current consolidated situation reporting to the Swedish FSA includes the parent holding company TFB Holding AB.

THE GROUP'S CAPITAL SITUATION CAN BE SUMMARISED AS FOLLOWS:

SEK thousand	31 Mar 2016	31 Dec 2015
Common Equity Tier 1 (CET 1) capital after deductions	333,206	309,078
Additional Tier 1 (AT 1) capital after deductions	-	-
Tier 2 capital after deductions	97,150	97,000
Own funds	**430,356**	**406,078**
Risk exposure amount	2,230,697	2,229,621
- *of which:* credit risk	1,714,705	1,585,690
- *of which:* credit valuation adjustment	2,116	1,587
- *of which:* market risk	-	-
- *of which:* operational risk	513,876	642,344
CET 1 capital ratio, %	14,94%	13,86%
Tier 1 capital ratio, %	14,94%	13,86%
Total capital ratio, %	19,29%	18,21%
Total CET 1 capital requirement inclusive of capital buffer requirements	168,195	168,113
- *of which:* capital conservation buffer	55,767	55,741
- *of which:* countercyclical capital buffer	12,046	12,040
CET 1 capital available to use as buffer	232,824	208,745

OWN FUNDS

SEK thousand	31 Mar 2016	31 Dec 2015
CET 1 capital		
Share capital	107,500	107,500
Retained earnings	238,445	144,868
Audited annual profits net of any foreseeable expenses and dividends	14,581	83,560
Other reserves	-	-
Accumulated other comprehensive income	389	(673)
Minority interests	4,797	6,304
Less:		
- Intangible assets	(24,603)	(23,942)
- Deferred tax assets that rely on future profitability	(3,105)	(2,235)
- Minority interests not qualified for inclusion in own funds	(4,797)	(6,304)
Total CET 1 capital	*333,206*	*309,078*
Tier 2 capital		
Dated subordinated loan	97,150	97,000
Total own funds	**430,356**	**406,078**

Own funds include the Board of Director's proposal for the distribution of profit decided at the Annual General Meeting 12 April. The Group's CET 1 comply with the requirements of Regulation (EU) No 575/2013.

SPECIFICATION RISK EXPOSURE AMOUNTS

SEK thousand	31 Mar 2016	31 Dec 2015
Credit risk under the standardised approach		
Corporate exposures	193	432
Retail exposures	1,457,493	1,324,620
Exposures secured by mortgage	502	502
Exposures in default	68,307	60,565
Exposures to institutions with short-term credit assessment	153,284	156,992
Other items	34,926	42,579
Total risk-weighted exposure amount credit risk	**1,714,705**	**1,585,690**
Credit valuation adjustment		
Standardised method	2,116	1,586
Total risk exposure amount credit valuation adjustment	**2,116**	**1,586**
Operational risk		
Standardised approach	513,876	642,344
Total risk exposure amount operational risk	**513,876**	**642,344**
Total risk exposure amount	**2,230,697**	**2,229,621**

The Group changed the method for calculating operational risk from the basic indicator approach to the standardised approach in the first quarter of 2016. The standardised approach was used for the first time as at the reporting 31 March 2016.

NOTE 8 Assets pledged as security

Group SEK thousand	31 Mar 2016	31 Dec 2015
Group liabilities		
Relating to borrowing from credit institutions		
Loans	564,520	594,559
Other assets	539	22,010
Total	**565,059**	**616,569**

The Group continuously pledges part of its Swedish and Norwegians loans to the public as security. The assets are pledged as security for the Group's credit facilities of SEK 329 million. As at 31 March 2016 SEK 1.9 million was drawn from the credit facilities.

NOTE 9 Transactions with related parties

Consortio Fashion Holding AB (CFH), corporate identity number 556925-2819, has largely the same owners as the TF Bank's parent company TFB Holding AB (556705-2997). Transactions with other related parties as shown in the table below refer to transactions between TF Bank and the companies that are part of the CFH Group. All transactions are market priced.

Group SEK thousand	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
The following transactions have been made with related companies within the Group:			
General administrative expenses	(89)	(79)	(343)
Total	**(89)**	**(79)**	**(343)**
The following transactions have been made with other related parties:			
Interest income (transaction costs)	(16,946)	(18,518)	(71,634)
General administrative expenses	(1,372)	(1,724)	(6,326)
Total	**(18,319)**	**(20,242)**	**(77,960)**
Acquisition of assets and liabilities from other related parties:			
Sales Finance	172,924	199,220	677,466
Total	**172,924**	**199,220**	**677,466**

Group SEK thousand	31 Mar 2016	31 Dec 2015
Assets at the end of the period as a result of transactions with related parties within the Group:		
Loans to TFB Holding AB	-	3,000
Total	**-**	**3,000**
Assets at the end of the period as a result of transactions with other related parties:		
Other assets	-	91
Total	**-**	**91**
Liabilities at the end of the period as a result of transactions with other related parties:		
Other liabilities	3,222	2,139
Total	**3,222**	**2,139**

BOARD OF DIRECTORS AND CEO AFFIRMATION

The Board of Directors and the CEO certify that the interim report gives a true and fair overview of the development of the operations, financial position and result of the Parent company and the Group and describes the material risks and uncertainties that the Parent company and the Group face.

Borås 10 May 2016

Mattias Carlsson
Chairman

Tone Bjørnov	John Brehmer
Thomas Grahn	Paul Källenius
Bertil Larsson	Lars Wollung

Declan Mac Guinness
CEO & Group CEO

REPORT OF REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the condensed interim financial information (interim report) of TF Bank AB (publ) as of 31 mars 2016 and the three-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit institutions and Securities Companies, regarding the Group, and with the Swedish Annual Accounts Act for Credit institutions and Securities Companies, regarding the Parent Company.

Stockholm, 10 May 2016
PricewaterhouseCoopers AB

Martin By
Authorized Public Accountant

Financial report and consolidated financial statements for the financial years 2013-2015

ON 1 JUNE 2016, THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER PRESENT THE FOLLOWING FINANCIAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS.

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Unless otherwise stated, all amounts refer to thousands of Swedish kronor (SEK thousand).

INCOME STATEMENT, GROUP

SEK thousand	Note	2015	2014	2013
	2, 3, 29			
Operating income				
Interest income	4, 5	385,846	360,136	319,570
Interest expense	6	(37,602)	(38,567)	(35,035)
Net interest income		**348,244**	**321,569**	**284,535**
Fee and commission income		45,882	29,351	10,381
Fee and commission expenses		(5,960)	(3,409)	(2,516)
Net fee and commission income	**7**	**39,922**	**25,942**	**7,865**
Net results from financial transactions		(153)	(151)	(21)
Total operating income		**388,013**	**347,360**	**292,379**
General administrative expenses	8, 9, 10	(118,272)	(86,916)	(66,198)
Depreciation, amortisation and impairment charges of tangible and intangible assets	11, 12	(4,568)	(3,470)	(3,029)
Other operating expenses	13	(20,579)	(16,309)	(15,554)
Total operating expenses		**(143,419)**	**(106,695)**	**(84,781)**
Profit before loan losses		**244,594**	**240,665**	**207,598**
Net loan losses	14	(108,047)	(113,343)	(97,659)
Items affecting comparability		(18,232)	-	-
Operating profit		**118,315**	**127,322**	**109,939**
Income tax expense	15	(28,906)	(27,779)	(23,615)
Net profit for the year		**89,409**	**99,543**	**86,324**
Attributable to:				
Shareholders of the Parent company		93,235	99,543	86,324
Non-controlling interests		(3,826)	-	
Basic earnings per share (SEK) [1]		4.34	4.63	4.02
Diluted earnings per share (SEK) [1]		4.34	4.63	4.02
Net profit for the period attributable to the owners of the Company.				

[1] The number of shares increased from 50,000 to 21,500,000 through a share split and bonus issue on 4 June 2015. Earnings per share has been calculated using the new number of shares.

STATEMENT OF COMPREHENSIVE INCOME, GROUP

SEK thousand	2015	2014	2013
Net profit for the year	89,409	99,543	86,324
Other comprehensive income			
Items that may be reclassified subsequently to the income statement			
Currency valuation differences during the year, net of tax	(2,617)	1,887	0
Other comprehensive income, net of tax	**(2,617)**	**1,887**	**0**
Total comprehensive income for the year	**86,792**	**101,430**	**86,324**
Attributable to:			
Shareholders of the Parent company	90,674	101,430	86,324
Non-controlling interests	(3,882)	-	-

BALANCE SHEET, GROUP

SEK thousand	Note	31 Dec 2015	31 Dec 2014	31 Dec 2013
	2, 3, 29			
ASSETS				
Cash and balances with central banks		29,445	4,811	-
Treasury bills eligible for refinancing		60,075	159,965	149,669
Loans to credit institutions	16, 17, 18	777,811	485,955	429,538
Loans to the public	16, 17, 19	1,837,578	1,633,820	1,234,158
Goodwill	20	11,536	-	-
Intangible assets	11	12,406	4,749	4,916
Tangible assets	12	1,516	1,553	1,108
Other assets	21	9,582	10,616	5,209
Current tax assets		1,288	19,497	8,034
Deferred tax assets	26	2,235	-	-
Prepaid expenses and accrued income	22	34,297	31,197	15,605
TOTAL ASSETS		**2,777,769**	**2,352,163**	**1,848,237**
LIABILITIES AND EQUITY				
Liabilities				
Liabilities to credit institutions	23	516	-	-
Deposits and borrowings from the public	17, 24	2,229,562	1,953,403	1,522,288
Other liabilities	25	25,925	65,095	31,911
Deferred tax liabilities	26	14,253	12,146	15,381
Accrued expenses and prepaid income	27	59,280	49,302	39,745
Subordinated liabilities	28	97,000	-	-
Total liabilities		**2,426,536**	**2,079,946**	**1,609,325**
Equity				
Share capital (21,500,000 shares of SEK 5 each) [1]		107,500	5,000	5,000
Other reserves		(673)	1,887	-
Retained earnings		144,868	165,787	147,588
Net profit for the year attributable to the shareholders of the Parent company		93,235	99,543	86,324
Total equity attributable to the shareholders of the Parent company		**344,930**	**272,217**	**238,912**
Non-controlling interests	33	6,303	-	-
Total equity		**351,233**	**272,217**	**238,912**
TOTAL LIABILITIES AND EQUITY		**2,777,769**	**2,352,163**	**1,848,237**
Assets pledged as security	32	616,569	653,017	524,610
Commitments		None	None	None
Contingent liabilities		None	None	None

[1] The number of shares increased from 50,000 to 21,500,000 and the share capital increased from SEK 5,000,000 to SEK 107,500,000 through a share split and bonus issue on 4 June 2015.

STATEMENT OF CHANGES IN EQUITY, GROUP

SEK thousand	Attributable to the shareholders of the Parent company				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Net profit for the year		
Balance as at 1 Jan 2013	**5,000**	**-**	**127,213**	**67,222**	**-**	**199,435**
Net profit for the year	-	-	-	86,324	-	86,324
Currency translation differences, net of tax	-	-	-	-	-	-
Total comprehensive income (net of tax)	**-**	**-**	**-**	**86,324**	**-**	**86,324**
Transfer to retained earnings	-	-	67,222	(67,222)	-	-
Dividends	-	-	(1,277)	-	-	(1,277)
Group contribution	-	-	(58,423)	-	-	(58,423)
Tax on group contribution	-	-	12,853	-	-	12,853
Balance as at 31 Dec 2013	**5,000**	**-**	**147,588**	**86,324**	**-**	**238,912**
Balance as at 1 Jan 2014	**5,000**	**-**	**147,588**	**86,324**	**-**	**238,912**
Net profit for the year	-	-	-	99,543	-	99,543
Currency translation differences, net of tax	-	1,887	-	-	-	1,887
Total comprehensive income (net of tax)	**-**	**1,887**	**-**	**99,543**	**-**	**101 430**
Transfer to retained earnings	-	-	86,324	(86,324)	-	-
Dividends	-	-	(858)	-	-	(858)
Group contribution	-	-	(86,240)	-	-	(86,240)
Tax on group contribution	-	-	18,973	-	-	18,973
Balance as at 31 Dec 2014	**5,000**	**1,887**	**165,787**	**99,543**	**-**	**272,217**
Balance as at 1 Jan 2015	**5,000**	**1,887**	**165,787**	**99,543**	**-**	**272,217**
Net profit for the year	-	-	-	93,235	(3,826)	89,409
Currency translation differences, net of tax	-	(2,560)	-	-	(57)	(2,617)
Total comprehensive income (net of tax)	**-**	**(2,560)**	**-**	**93,235**	**(3,883)**	**86,792**
Transfer to retained earnings	-	0	99,647	(99,543)	(104)	-
Dividends	-	-	(18,105)	-	-	(18,105)
Bonus issue	102,500	-	(102,500)	-	-	-
New share issue	-	-	39	-	980	1,019
Shareholder's contribution	-	-	-	-	9,310	9,310
Balance as at 31 Dec 2015	**107,500**	**(673)**	**144,868**	**93,235**	**6,303**	**351,233**

CASH FLOW STATEMENT, GROUP

SEK thousand	2015	2014	2013
Operating activities			
Operating profit	118,315	127,322	109,939
Adjustment for items not included in cash flow:			
Depreciation and amortisation	4,568	3,470	3,029
Accrued interest income and expense	(8,198)	652	3,065
Other non-cash items	(1,240)	151	21
Paid income tax	(12,074)	(23,697)	(10,374)
	101,371	**107,898**	**105,680**
Increase/decrease in loans to the public	(42,081)	(399,662)	(12,733)
Increase/decrease in other short-term claims	1,462	(16,241)	1,442
Increase/decrease in deposits and borrowings from the public	240,019	431,115	258,912
Increase/decrease in liabilities to credit institutions	-	-	(7,212)
Increase/decrease in other short-term liabilities	(34,701)	6,919	(3,316)
Cash flow from operating activities	**266,070**	**130,029**	**342,773**
Investing activities			
Investments in tangible assets	(630)	(1,069)	(543)
Investments in intangible assets	(7,999)	(2,678)	(175)
Acquisition of associated undertakings	(73,741)	-	-
Cash flow from investing activities	**(82,370)**	**(3,747)**	**(718)**
Financing activities			
New share issue	1,019	-	-
Shareholder's contribution	9,310	-	-
Change in overdraft	516	-	-
Issue of subordinated Tier 2 loan	97,000	-	-
Group contributions paid	(56,840)	(53,900)	(82,923)
Dividends paid	(18,105)	(858)	(1,277)
Cash flow from financing activities	**32,900**	**(54,758)**	**(84,200)**
Cash flow for the year	216,600	71,524	257,855
Cash and cash equivalents at the beginning of year	650,731	579,207	321,353
Cash and cash equivalents at the end of year	**867,331**	**650,731**	**579,208**
Cash flow from operating activities includes interest expenses paid and interest payments received with the following amounts:			
Interest expenses paid	45,176	38,320	33,168
Interest payments received	388,957	360,541	319,769

NOTES

NOTE 1 General information

TF Bank AB, corporate identity number 556158-1041, has a license to provide banking services.

TF Bank AB is a limited liability company with registered office in Sweden. The address of the head office is Box 947, SE-501 10 Borås, Sweden.

Ownership in TF Bank AB is divided between TFB Holding AB (formerly Consortio Invest AB, corporate identity number 556705-2997), which owns 79.6%, and private investors who own 20.4%.

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

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

Subsidiaries
- TFB Service OÜ (12676808) 100%
- Avarda AB (556986-5560) 51%
- Avarda Oy (2619111-6) 51%
- BB Finans AS (935590221) 100%
- Confide AS (948063603) 100%

NOTE 2 Accounting policies and valuation principles

The principal accounting policies applied in preparing this annual report are set out below. Unless otherwise stated, these policies have been applied consistently for all the years presented. The Group's consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations of these standards adopted by the European Union (EU). The accounting follows the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), Supplementary Accounting Rules for groups RFR 1, issued by the Swedish Financial Reporting Board, as well as the regulation and general guidelines issued by the Swedish Financial Supervisory Authority (Swedish FSA), Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25).

The Parent company's accounts have been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the regulation and general guidelines issued by the Swedish FSA, Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25). The Parent company applies statutory IFRS, which implies IFRS as approved by the European Union and taking into account the limitations and additions that follows from the Swedish Financial Reporting Board's recommendation RFR 2 and FFFS 2008:25. As a result, the Parent company's accounts are prepared using the same accounting principles and valuation adjustments as the Group, except as stated below.

Accounting estimates and judgements
Preparing the financial statements in accordance with IFRS requires the use of important accounting estimates. Estimates and judgements are evaluated continuously and based on historical experience and other factors, including expectations of future events that are deemed reasonable under existing circumstances. The Group makes forward-looking estimates and assumptions, and accounting estimates resulting from these will, by definition, rarely agree with the actual outcomes. The main area involving a high degree of judgement, where assumptions and estimates have a material impact on the financial report, is provisions for loan losses. The Group's approach is described in notes 2, 3 and 20.

TF Bank changed its accounting policy regarding the presentation of accrued expenses associated with loans to the public, which were previously presented in other operating expenses. These expenses are now included as part of the effective interest rate method and thus charged to interest income. The reason for the change in principle is that it results in an adjustment to industry practice and thus provides a more accurate picture of the bank's total net interest and operating income. The amendment has been applied retrospectively. For 2014, a total of approximately SEK 61.9 million was reclassified from other operating expenses to interest income, compared to the previously submitted annual report.

GROUP
New and amended standards, as well as interpretations applied by the Group
None of the IFRS or IFRS Interpretations Committee (IFRIC) interpretations, which are mandatory for the first time for the financial year beginning 1 January 2015 have had any material impact on the Group's earnings or financial position.

New standards, amendments and interpretations of existing standards which have not been adopted nor been applied in advance by the Group
IFRS 9 Financial instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains, but simplifies, the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income. There is now a new expected loan loss model that replaces the incurred loss impairment model as prescribed in IAS 39. For financial liabilities there were no changes to the classification and measurement except for the case when a liability is reported at fair value through the income statement based on the fair value alternative. The new standard must be applied for the financial years beginning on 1 January 2018. Early application is permitted. The Group is yet to assess the full effect of the introduction of IFRS 9.

IFRS 15 Revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's dealings with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction contracts and the related Standard Industrial Classification (SIC) and IFRIC interpretations. IFRS 15 becomes effective on 1 January 2018. Early application is permitted. The Group is yet to assess the full effect of the introduction of the standard.

IFRS 16 Leases
In January 2016 the International Accounting Standards Board (IASB) issued a new standard that will replace IAS 17 Leases and related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires assets and liabilities relating to all the leases, with some exceptions, to be recognised in the balance sheet. This report is based on the view that the lessee has a right to use an asset for a specific period of time and at the same time has an obligation to pay for that right. The accounts of the lessor will essentially remain unchanged. The standard applies to annual reporting periods beginning on or after 1 January 2019. Early application is permitted provided that IFRS 15 Revenue from Contracts with Customers is also applied. The EU has not yet adopted the standard. The Group is yet to assess the full impact of the introduction of IFRS 16.

Cont. note 2

There are no other IFRS or IFRIC interpretations, which are not yet effective, that are expected to have a material impact on the Group.

Consolidation
The consolidated financial statements include subsidiaries over which the Group has control. The Group controls an entity when it is exposed to or has the rights to a variable return from its involvement with the entity and has the ability to affect those returns through its control over the entity. Subsidiaries are fully consolidated from the date when the controlling interest is transferred to the Group. Subsidiaries are excluded from the consolidated financial statements as of the date when the controlling interest ceases to exist.

The acquisition method is applied to account for business combinations, which means that the subsidiary's equity is fully eliminated upon acquisition. Consequently, consolidated equity only includes the portion of the subsidiary's equity which has accrued since the acquisition.

When the Group ceases to have control over a subsidiary any retained interest is measured at fair value as of the date when control is lost, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount with the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. Any amounts previously recognised in other comprehensive income, in respect of the entity, are accounted for as if the Group immediately had disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified and accounted for in the income statement.

Foreign currency translation
Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are reported in Swedish kronor (SEK), which is the Group's presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the income statement. Exceptions are made when the transactions constitute hedges that qualify for hedge accounting of cash flows or net investments, where gains/losses are recognised in other comprehensive income.

Group companies
The results and financial position of all the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet are translated at the balance sheet date closing rate.
- Income and expenses for each income statement are translated using the average exchange rate for the year, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions.
- All resulting currency exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange rate differences arising from the acquisition are recognised in other comprehensive income.

Segmental reporting
Operating segments are accounted for in a way that is consistent with the internal reports submitted to the function that is responsible for allocating resources and assessing the results of operating segments. The CEO has been identified to have this function within the Group.

Tangible assets
Tangible assets are stated at historical cost less depreciation. The carrying amount of an asset is increased if there are expenditures that improve an asset's efficiency above the original level. Expenditure for repairs and maintenance is expensed.

Tangible assets are systematically depreciated over the asset's estimated useful life. Any residual value is taken into account when calculating the depreciable amount of the asset. All types of tangible assets are depreciated on a straight-line basis using the following depreciable lives:

IT equipment	36 months
Other equipment	60 months

Intangible assets
Development costs directly attributable to the development and testing of identifiable and custom software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it can be used.
- The company intends to complete the software for use or to sell it.
- Conditions are such that the software can be used or sold.
- It can be shown how the software will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available.
- The development expenditure attributable to the software can be measured reliably.

Intangible assets are stated at cost less amortisation. Intangible assets are amortised on a straight-line basis over their useful lives, subject to a limit of 60 months, from the time the asset is ready for use.

Goodwill
Goodwill arises through the acquisition of subsidiaries and refers to the amount by which the purchase price, any non-controlling interest in the acquired company and the fair value at the acquisition date of previous equity in the acquired company, exceed the fair value of the identifiable net assets acquired. If the amount is less than the fair value of the acquired subsidiary's net assets, in the event of an acquisition at a low price, the difference is recognised directly in the income statement.

Goodwill is tested for impairment annually, or more frequently, if events or a change in the circumstances indicate a possible impairment. The carrying value of the cash-generating unit to which the goodwill is assigned is compared with the recoverable amount, which is the higher of value in use and fair value less selling costs. Any impairment is recognised immediately as an expense and not reversed.

Financial instruments – Recognition and measurement
Financial assets
The classification of financial assets depends on the purpose for which the asset was acquired. The Board of Directors decides on the classification upon initial recognition of the assets. TF Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available for sale financial assets. In accordance with IFRS 7, the Group discloses information on fair value measurement and liquidity risk. The disclosure includes information on fair value measurement by fair value hierarchy levels, see note 3.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets that are held for trading. A financial asset is classified in this category if it is acquired primarily for the purpose of selling it in the short-term. Assets in this category are classified as current assets and recognised in other assets.

Cont. note 2

Loans and receivables
Loans and receivables are non-derivative financial assets which are not listed on an active market and have fixed or determinable payments. The Group's holdings in this category are classified in the balance sheet in Cash and balances with central banks, Loans to credit institutions, Loans to the public and Other assets. Loans and receivables are stated at amortised cost less any impairment.

Available for sale financial assets
Available for sale financial assets are non-derivatives which have been identified as available for sale or not been classified in any of the other categories. The Group's available for sale financial assets consist of Treasury bills eligible for refinancing.

Financial liabilities
The Group classifies its financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities. In accordance with IFRS 7, the Group discloses information on fair value measurement. The disclosure includes information on fair value measurement by fair value hierarchy levels, see note 3.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss are financial liabilities that are held for trading. A financial liability is classified in this category if it is acquired primarily for the purpose of selling it in the short-term. Derivatives are classified as held for trading unless the Group applies hedge accounting. The change in fair value is recognised in the income statement in Net results from items at fair value. Liabilities in this category are recognised in Other liabilities.

Other financial liabilities
Other financial liabilities are accounted for in Liabilities to credit institutions and Deposits and borrowings from the public. They are measured at amortised cost.

Financial instruments – Other accounting policies
Purchases and sales of financial instruments are recognised at the trade date with the exception of loans and deposits, which are recognised at the settlement date. Financial instruments are initially recognised at fair value plus transaction costs except for financial instruments measured at fair value through profit or loss, which are initially measured at fair value.

Financial assets, other than those for which trade date accounting is applied, are derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred to another party. The right to cash flow expires or is transferred when the counterpart has fulfilled its part of the agreement, e.g. by paying back a loan, i.e. on the settlement date.

In some cases, TF Bank enters into transactions where it transfers assets recognized in the balance sheet to a third party. As a result TF Bank transfers all the risks and rewards associated with the transferred assets and these are derecognised in the balance sheet.

Financial liabilities are derecognised in the balance sheet at maturity. Typically, this occurs when TF Bank fulfils its part of an agreement, e.g. when the deposit is refunded to the opposing party, i.e. on the settlement date.

Impairment of financial assets
The Group assesses on a monthly basis whether there is objective evidence of impairment of a financial asset or group of financial assets. A financial asset or group of assets is impaired, and an impairment loss is recognised, only if there is objective evidence of impairment as a result of one or several events occurring after the initial recognition of the asset ("**a loss event**") and this event, or events, affect the estimated cash flows of the financial asset or group of financial assets and this effect can be accurately estimated.

An impairment loss on loans and receivables is recognised when there is objective evidence that the Group will not be able to recover overdue amounts in accordance with the original terms and conditions for the receivables. The Group applies a collective provision approach since the portfolio consists of loans of limited amounts and receivables where an individual assessment is not required. The Group uses a statistical approach in two steps to determine the provisions:

- Loans and receivables where a loss event occurred for a single receivable or for a group of receivables.
- Loans and receivables which are more than 69 days overdue and where the loan has been cancelled (non-performing loans).

When a loss event has occurred, a provision is made by assessing the present value of future cash flows based on the probability that the loan will be terminated using historical data. The expected future cash flow is based on calculations which take into account historical redemption rates and other historical data. Historical data is used to estimate future cash flows in the markets where the Group has decided not to sell the non-performing loans. Provisions for non-performing loans are calculated as the difference between the carrying amount of the asset and the present value of future cash flows, discounted using the original interest rate of the loan. The expected future cash flow is based on calculations which take into account historical redemption rates, which are applied to each generation of non-performing loans.

All loans and receivables that neither have a loss event nor are more than 69 days overdue are assessed whether they should be collectively impaired. The loans and receivables are reviewed to find loss events that could lead to a financial loss for the Group, e.g., increased unemployment rate. Events preceding this might be, e.g., large notices and financial instability, which could have a negative impact on the solvency of the customers after the event occurred. Management makes quarterly qualitative assessments to assess the change since the last quarter to determine whether to increase or decrease the collective provision. Management assesses each market where the Group has operations. Loans and receivables that are sold are removed from the collective provision and the difference between the carrying amount of the asset and the present value are recognised as a loss. Non-performing loans are recognised as an actual loss when they have been reported by the debt collection agency as being assigned to long-term monitoring, when it has been established that the customer is deceased or when another loss event has been identified. Amounts received relating to previous actual losses are recognised through profit or loss, see note 14.

Derivative instruments and hedging
Derivatives are recognised in the balance sheet on the contract date and measured at fair value, initially as well as in subsequent revaluations. The method of recognising the resulting gain or loss arising from the revaluation depends on whether the derivative is designated as a hedging instrument, and if so, the characteristics of the item being hedged. The Group designates certain derivatives as hedges of a net investment in a foreign entity (net investment hedges). At the time of the transaction, the Group documents the relationship between the hedging instruments and the hedged items, as well as the Group's risk management objectives and strategy for undertaking the hedge. Furthermore, the Group documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the derivatives used to hedge the transactions are effective in offsetting changes in fair value or cash flows attributable to the hedged items.

Information on the fair value of various derivative instruments used for hedging are presented in note 3. The full fair value of a derivative designated as a hedging instrument is classified as a current asset or liability when the hedged item's remaining maturity is less than 12 months. Derivatives held for trading are always classified as current assets or current liabilities.

The effective portion of changes in fair value of derivatives designated as a hedge of the net investment in foreign entities and which meet the conditions for hedge accounting are recognised in other comprehensive income. The portion of the gain or loss of the hedging instrument relating to the effective hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in the income statement. Accumulated gains and losses in equity are recognised in the income statement when the foreign entity is disposed of in whole or in part.

Income taxes
The current income tax expense is calculated on the basis of the enacted tax laws, or substantially enacted tax laws at the balance sheet date in the country in which the Group operates and generates taxable income. Management periodically evaluates positions taken with respect to situations in which applicable tax regulations are subject to interpretation and, when deemed appropriate, provisions for amounts expected to be paid to the tax authorities. Reported income tax expense comprise tax that is payable or due in respect of the current year and adjustments relating to the current tax for previous years. Items reported in the income statement and items reported directly in equity includes the associated tax effects.

Deferred income tax is calculated by applying tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Employee benefits
Pension plans are funded through payments to insurance companies. The Group only has defined contribution pension plans. Defined contribution pension plans are post-employment benefit plans under which the Group pays fixed contributions into a separate legal entity. The Group has no legal or other obligations to pay further contributions if the fund does not have sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

Provisions
Provisions are recognised when the Group has a legal or informal obligation arising from past events, it is more probable than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Restructuring provisions are recognised when a detailed formal plan exists and a well-founded expectation among those affected. Provisions for future guarantee claims refer to the next few years and are based on historical information on guarantee claims as well as current trends which could indicate that future claims will differ from past claims. No provisions are made for future operating losses. The class of obligations as a whole is considered when determining the likelihood of the requirement of an outflow of resources where there are a number of similar obligations. A provision is recognised even if the likelihood of an outflow with respect to any one item in the same class of obligations is small.

Interest income and interest expense
Interest income is recognised over the term of the loan by applying the effective interest rate method. Transaction costs in connection with borrowing and lending are thus accounted for as part of the loan.

Fee and commission income and fee and commission expenses
TF Bank's fee and commission income is derived from different types of services provided to customers, such as brokerage commissions on the paid premiums for mediated insurance, income from debt collection activities, other fees, and reminder fees. Fee and commission income and income from fees related to financial instruments that are part of the effective interest rate for financial instruments measured at amortized cost, are amortized over the instrument's expected term using the effective interest method and presented in net interest income. Fee and commission income is recognized depending on the purpose for which the fee is charged. Fees are recognized as revenue as the services are provided. Fee and commission costs are costs that are attributable to the services and charges related to the mediation of insurance premiums and are recognized in the period in which services are received.

Net results from financial transactions
The line item refers to foreign exchange revaluation of assets and liabilities in a foreign currency as well as changes in the fair value of derivatives related to foreign currency derivative hedges.

Cash flow statement
The cash flow statement has been prepared using the indirect method. The reported cash flow only includes transactions involving incoming or outgoing payments. Cash and cash equivalents include Cash and balances with central banks, Treasury bills eligible for refinancing, and Loans to credit institutions.

Significant judgments in applying the Group's accounting policies
In 2014 the Group signed a shareholders' agreement relating to Avarda AB whereby TF Bank AB owns 51% of the votes and capital and Intrum Justitia AB (publ) the remaining 49%. The shareholder's agreement outlines the respective company's commitment in this business. At the time evaluating the shareholders' agreement the Group came to the conclusion that it is not facing any significant restrictions on exercising its controlling interest, which results from being the majority shareholder in the company, and as a result Avarda AB is consolidated as a subsidiary.

The basis for the assessment is partly based on the Group having the majority of the votes in the company and partly on being the party that appoints the CEO, which is the function that makes decisions regarding the relevant activities of the company. According to the agreement the decisions that will be made jointly are limited to issues relating to the protection of the partners' investment, e.g., modification of articles of association and dividends, rather than the parties agreeing on decisions relating to the relevant activities in the business. As a result the assessment was made that Avarda AB should be consolidated as a subsidiary.

THE PARENT COMPANY HAS APPLIED THE SAME ACCOUNTING PRINCIPLES WITH THE ADDITIONS BELOW

Shares in group companies
Shares in group companies are recognised at cost plus transaction costs less any impairments. An estimate of the recoverable amount is performed when there is an indication that investments in the subsidiaries have decreased in value. An impairment is taken if the estimated amount is lower than the carrying amount. Impairments are recognised in the line item Income from shares in group companies and Income from participations in associated companies.

Income taxes
The current income tax expense is calculated on the basis of the enacted tax laws, or substantially enacted tax laws in the country in which the company operates and generates taxable income, i.e., Sweden. Management periodically evaluates the claims made in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and, when deemed appropriate, provisions for amounts expected to be paid to the tax authorities.

Reported income taxes comprise tax that is payable or due in respect of the current year and adjustments relating to the current tax for previous years. Items reported in the income statement and items reported directly in equity includes the associated tax effects.

The amounts allocated to untaxed reserves for the Parent company consists of taxable temporary differences. The deferred tax liability attributable to untaxed reserves is not reported separately because of the relationship between accounting and taxation. The gross amounts are reported in the balance sheet. The gross amounts for appropriations are reported in the income statement.

Dividends
Dividends to TF Bank's shareholders are recognised as a liability in the company's financial statements in the period in which the

dividends are approved by TF Bank's shareholders.

Group contributions
Both received and paid group contributions are reported as appropriations in accordance with the alternative rule in RFR 2. The tax effect of received and paid group contributions are reported in the income statement in accordance with IAS 12.

NOTE 3 Financial risks and financial risk management

Financial risk factors
The Group is, through its activities, exposed to several types of financial risk: market risk (including significant currency risk and interest rate risk in the cash flow), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial results. TF Bank uses derivatives to hedge certain currency exposures and applies hedge accounting for certain net investments of its foreign entities.

The Board of Directors establishes written policies and control documents. Compliance with the governing documents as well as the level of the Group's credit risk are measured and reported to the Group's management and Board of Directors on an ongoing basis.

Market risk
(i) Currency risk
The Group's currency risk is partly of a structural (translation risk) nature and partly of an operational (transaction risk) nature.

Translation risk refers to currency risk which arises because the Group holds positions in foreign entities whose net assets are exposed to currency risk when these are translated into SEK in the Group's accounts. TF Bank has a subsidiary in Estonia, TFB Service OÜ (EUR) and a subsidiary in Norway, BB Finans ASA (NOK). Currency exposure arising from the net assets of the Group's foreign entities should, according to the internal finance policy adopted by the Board of Directors, be hedged as far as possible.

As of July 2015 TF Bank applies hedge accounting for its holdings in BB Finans ASA (NOK) using currency futures. As at 31 December 2015 SEK 4,747 thousand (0) (net of tax effect) was recognised in other comprehensive income and a hedge reserve of SEK 4,747 thousand (0).

Operational currency risk refers to currency risk which arises when the Group holds positions in financial instruments which are denominated in a foreign currency. Currency risk exists for the following currencies: EUR, NOK, DKK and PLN. Currency risk arises when future business transactions or recognised assets or liabilities are expressed in a currency that is not the Group's functional currency. The Group uses swap contracts for EUR, NOK, DKK and PLN to manage the currency risk which arises from assets and liabilities in other currencies than the functional currency. The swap contracts normally have maturities of one to three months in order to minimise the impact on earnings from changes in the exchange rates.

In case of a weakening or strengthening of SEK by 10% against each currency exposure, holding all other variables constant, the impact on the consolidated total comprehensive income (excluding the tax effect) from assets and liabilities in a currency that is not the Group's functional currency would be (presented in SEK thousand):

CURRENCY

SEK thousand	2015	2014	2013
EUR	+/–657	+/–224	+/–152
NOK	+/–77	+/–35	+/–13
DKK	+/–26	+/–20	-
PLN	+/–100	+/–277	+/–20

ii) Interest rate risk in respect of cash flows
The Group's assets and liabilities are financed at a variable rate, which results in minimal interest rate risk for the company.

The internal finance policy and internal liquidity policy allow for holdings of securities with a remaining maturity of up to 12 months. No more than 30% of the Group's available liquidity may have a remaining maturity of more than six months. As the Group's holdings of Treasury bills at the balance sheet date totalled SEK 60.1 million (160.0) the interest rate risk would also be negligible in terms of its impact on earnings in the above scenario. Other assets in the liquidity portfolio refer to various bank deposits and central bank assets held at variable interest rates, leading to limited interest rate risk.

(iii) Classification of financial assets and liabilities

Group, 31 Dec 2015 SEK thousand	Financial instruments at fair value through profit or loss		Available for sale financial assets	Loans and receivables	Other financial assets/ liabilities	Total
	Held for trading	*Designated at fair value through profit or loss*				
Assets						
Cash and balances with central banks	-	-	-	29,445	-	29,445
Treasury bills eligible for refinancing	-	-	60,075	-	-	60,075
Loans to credit institutions	-	-	-	777,811	-	777,811
Loans to the public	-	-	-	1,837,578	-	1,837,578
Derivatives	-	-	-	-	-	-
Total assets	**-**	**-**	**60,075**	**2,644,834**	**-**	**2,704,909**
Liabilities						
Liabilities to credit institutions	-	-	-	-	516	516
Deposits and borrowings from the public	-	-	-	-	2,229,562	2,229,562
Subordinated liabilities	-	-	-	-	97,000	97,000
Derivatives	3,090	-	-	-	-	3,090
Total liabilities	**3,090**	**-**	**-**	**-**	**2,327,078**	**2,330,168**

Cont. note 3

Group, 31 Dec 2014 SEK thousand	Financial instruments at fair value through profit or loss: *Held for trading*	Financial instruments at fair value through profit or loss: *Designated at fair value through profit or loss*	Available for sale financial assets	Loans and receivables	Other financial assets/ liabilities	Total
Assets						
Cash and balances with central banks	-	-	-	4,811	-	4,811
Treasury bills eligible for refinancing	-	-	159,965	-	-	159,965
Loans to credit institutions	-	-	-	485,955	-	485,955
Loans to the public	-	-	-	1,633,820	-	1,633,820
Derivatives	7,087	-	-	-	-	7,087
Total assets	**7,087**	**-**	**159,965**	**2,124,586**	**-**	**2,291,638**
Liabilities						
Deposits and borrowings from the public	-	-	-	-	1,953,403	1,953,403
Liabilities to TFB Holding AB	-	-	-	-	56,840	56,840
Total liabilities	**-**	**-**	**-**	**-**	**2,010,243**	**2,010,243**

Group, 31 Dec 2013 SEK thousand	Financial instruments at fair value through profit or loss: *Held for trading*	Financial instruments at fair value through profit or loss: *Designated at fair value through profit or loss*	Available for sale financial assets	Loans and receivables	Other financial assets/ liabilities	Total
Assets						
Cash and balances with central banks	-	-	-	-	-	-
Treasury bills eligible for refinancing	-	-	149,669	-	-	149,669
Loans to credit institutions	-	-	-	429,538	-	429,538
Loans to the public	-	-	-	1,234,158	-	1,234,158
Derivatives	5,043	-	-	-	-	5,043
Total assets	**5,043**	**-**	**149,669**	**1,663,696**	**-**	**1,818,408**
Liabilities						
Deposits and borrowings from the public	-	-	-	-	1,522,288	1,522,288
Subordinated liabilities	-	-	-	-	24,500	24,500
Derivatives	-	-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**1,546,788**	**1,546,788**

(iv) Financial assets measured at fair value
Disclosures are required on fair value measurement by level in fair value hierarchy for financial instruments measured at fair value in the balance sheet:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Data other than quoted market prices included in Level 1 that are observable for the assets or liabilities, either directly, i.e., in the form of quoted prices, or indirectly, i.e., derived from quoted prices (Level 2).
- Data for the assets or liabilities which are not based on observable market data (non-observable inputs) (Level 3).

The Group also provides information regarding the fair value of certain assets for information purposes.

Cont. note 3

Group, 31 Dec 2015 SEK thousand	Level1	Level 2	Level 3	Total
Assets				
Treasury bills eligible for refinancing	-	60,075	-	60,075
Derivatives	-	-	-	-
Total assets	**-**	**60,075**	**-**	**60,075**

Group, 31 Dec 2014 SEK thousand	Level1	Level 2	Level 3	Total
Assets				
Treasury bills eligible for refinancing	-	159,965	-	159,965
Derivatives	-	7,087	-	7,087
Total assets	**-**	**167,052**	**-**	**167,052**

Group, 31 Dec 2013 SEK thousand	Level1	Level 2	Level 3	Total
Assets				
Treasury bills eligible for refinancing	-	149,669	-	149,669
Derivatives	-	5,043	-	5,043
Total assets	**-**	**154,712**	**-**	**154,712**

Financial instruments in Level 2
The fair value of financial instruments not traded in an active market (e.g., OTC derivatives) is determined using various valuation techniques. These valuation techniques use observable market data where available and rely as little as possible on entity specific estimates. An instrument is classified as Level 2 if all significant inputs required to value an instrument are observable.

An instrument is classified as Level 3 in cases where one or more of the significant inputs are not based on observable market data.

Specific valuation techniques used to value financial instruments include:

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

For loans to the public the fair value is based on the discounted cash flows using an interest rate based on the market interest rate at the balance sheet date, which was 25.47% as at 31 December 2015, 27.28% as at 31 December 2014 and 27.82% as at 31 December 2013. For the corporate sector the fair value is based on the discounted cash flows using an interest rate based on the market interest rate, which in this case is STIBOR 90 days. The Group did not have any corporate loans as at 31 December 2015 but as at 31 December 2014 STIBOR 90 days was 0.264% and as at 31 December 2013 STIBOR 90 days was 0.939%.

Group, 31 Dec 2015 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/ fair value loss (–)
Assets			
Cash and balances with central banks	29,445	29,445	-
Treasury bills eligible for refinancing	60,075	60,075	-
Loans to credit institutions	777,811	777,811	-
Loans to the public	1,837,578	1,837,578	-
Derivatives	-	-	-
Total assets	**2,704,909**	**2,704,909**	**-**
Liabilities			
Liabilities to credit institutions	516	516	-
Deposits and borrowings from the public	2,229,562	2,229,562	-
Subordinated liabilities	97,000	97,000	-
Derivatives	3,090	3,090	-
Total liabilities	**2,330,168**	**2,330,168**	**-**

Cont. note 3

Group, 31 Dec 2014 **SEK thousand**	Carrying amount	Fair value	Fair value gain (+)/ fair value loss (–)
Assets			
Cash and balances with central banks	4,811	4,811	-
Treasury bills eligible for refinancing	159,965	159,965	-
Loans to credit institutions	485,955	485,955	-
Loans to the public	1,633,820	1,633,820	-
Derivatives	7,087	7,087	-
Total assets	**2,291,638**	**2,291,638**	**-**
Liabilities			
Deposits and borrowings from the public	1,953,403	1,953,403	
Liabilities to TFB Holding AB	56,840	56,840	-
Total liabilities	**2,010,243**	**2,010,243**	**-**

Group, 31 Dec 2013 **SEK thousand**	Carrying amount	Fair value	Fair value gain (+)/ fair value loss (–)
Assets			
Cash and balances with central banks	-	-	-
Treasury bills eligible for refinancing	149,669	149,669	-
Loans to credit institutions	429,538	429,538	-
Loans to the public	1,234,158	1,234,158	-
Derivatives	5,043	5,043	-
Total assets	**1,818,408**	**1,818,408**	**-**
Liabilities			
Deposits and borrowings from the public	1,522,288	1,522,288	-
Liabilities to TFB Holding AB	24,500	24,500	-
Total liabilities	**1,546,788**	**1,546,788**	**-**

Credit risk

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 loans to the public but also through cash and cash equivalents and derivatives with a positive value. Credit risk is the most significant risk in the Group and is monitored closely by the relevant functions and by the Board of Directors, who has the ultimate responsibility for managing credit risk. The Board of Directors has issued a credit policy which sets the guidelines for the Group's lending activities. A credit committee monitors the development of the levels of credit risk in the loan portfolios and determines changes and suggests updates in the Group's lending within the set credit policy. The performance of the credit portfolio is regularly reported to the Board of Directors.

Before a loan is issued, a risk assessment is made of the customer's creditworthiness, taking into account the customer's financial position, previous experiences and other factors. Individual risk limits are defined based on internal or external credit assessments in accordance with the limits set by the Board of Directors. The use of credit limits is regularly monitored. The Group cannot grant any loans or credits to legal entities without the approval by the Board of Directors. By only approving counterparties with an investment grade credit rating and by setting limits for the maximum exposure to each counterparty the Board of Directors also limits the credit risk arising from cash management activities. The Group has a claim and debt collection group that works with existing customers who have payment problems. There is also a credit department which assesses prospective customers and performs ongoing investigations of collateral and credit limits as set by the Board of Directors.

The Group's credit approval process has high standards regarding ethics, quality and control. Despite credit risk being the largest risk exposure for the Group, the provision for loan losses is small in proportion to the outstanding loan volume (see below and note 6). This is because the Group regularly sells non-performing loans to debt collection specialist entities when the Board of Directors considers the price level to be favourable, when compared to keeping the non-performing receivables on the balance sheet. This is currently the case for most of the markets. This implies that the Group continuously realises actual loan losses through sales of non-performing loans. The remaining portfolio has a limited number of non-performing loans and consequently relatively low level of provisions.

Cont. note 3

The Group's objective in terms of process for monitoring overdue payments and unsettled loans and receivables is to minimise loan losses by detecting payment issues early and following up with customers where needed. The monitoring is supported by a separate "pre-collection" system for overdue payments with automatic functions and reminders.

The Group's loans to the public consists primarily of unsecured consumer loans. For this reason the Group does not list credit risk exposures in a separate table, as there are limited assets pledged as security, while the at the same time the size of the reserves in relation to the credit volume is low. At the balance sheet date, the composition of the credit portfolio for loans to the public is as follows:

Group SEK thousand	2015	2014	2013
Loans, not past due	1,569,993	1,380,897	987,800
Loans past due, 1-10 days	137,389	161,686	153,399
Loans past due, 11-69 days	81,983	51,057	54,377
Non-performing loans	88,860	72,918	68,592
Total	**1,878,225**	**1,666,558**	**1,264,168**
Provision for expected loan losses	(40,647)	(32,738)	(30,010)
Total loans to the public	**1,837,578**	**1,633,820**	**1,234,158**

For a reconciliation of the change in the provision for expected loan losses, see note 19

CREDIT QUALITY OF FULLY PERFORMING LOANS

Group SEK thousand	2015	2014	2013
Household sector			
Low risk	1,000,104	891,253	685,752
Medium risk	297,385	194,705	141,929
Higher risk	424,697	454,841	312,159
Unrated	67,179	52,260	47,642
Total	**1,789,365**	**1,593,059**	**1,187,482**
Corporate sector			
Unrated	-	581	8,096
	-	**581**	**8,096**

The approval of a loan application from a new customer is primarily based on information provided by the customer, information deduced from customers in the same socio-demographic group and other variables regarding the individual customer retrieved from external sources. How the information is used and weighted in the model is determined from a risk perspective by an in-depth analysis of the individual customer and the Group's existing customer data base. The Group can use both internal ratings and ratings provided by external providers (credit bureaus in the respective markets) to ensure that the risk assessment is as cost effective, accurate and precise as possible. Both ratings are performed independently but can be used together in the Group's credit assessment. This rating model is primarily applied to new customers, whilst existing customers with a payment history and updated variables have proven to be good sources for a renewed 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	2015	2014	2013
Cash and balances with central banks			
AAA	29,445	4,811	-
Treasury bills eligible for refinancing			
AAA	60,075	159,965	149,669
Loans to credit institutions			
A-1+	206,642	334,611	239,545
A-1	568,478	141,252	183,461
A-2	4,124	10,092	6,532
Other assets			
A-1+	-	7,087	5,043
Unrated	5,770	-	-
Total	**874,534**	**657,818**	**584,250**

Other assets within A-1+ relate to derivatives with a positive value.

Liquidity risk
The guidelines for liquidity risk are defined by the Board of Directors. Most of the liquidity risk arises from the ability to meet withdrawals of deposits by Swedish and Finnish households. The ability to make payments relating to new loans is deemed to be a business risk. At the balance sheet date the Group had total deposits of SEK 2,229.6 million (1,953.4), which are accounted for under the heading Deposits and borrowing from the public. No limits are applied on households' withdrawals of deposited money. The Board of Directors' instructions state that the Group is required to maintain a generally low liquidity risk in the operations.

To prevent a liquidity crisis, the Group is required to at all times maintain a committed credit line directly or indirectly with another credit institution, in addition to a normal operating credit facility, and to maintain a liquidity reserve in accordance with the bank's liquidity policy.

The maximum holding with the Group's permitted counterparties is 25% of eligible capital, with the exception of institutions, for which the limit is 100% of eligible capital.[1] Treasury bills and central bank assets are excluded from the 25% limit.

Management closely monitors the Group's liquidity reserve, which consists of cash and cash equivalents and other liquidity creating measures, and monitors rolling forecasts of the liquidity situation based on expected cash flows.

All financing in addition to deposits from the public come from liabilities to credit institutions, issued securities and equity.

As at 31 December 2015 the Group had a liquidity reserve of SEK 858.7 million (640.5), of which other liquidity creating measures of SEK 1,187.5 million (940.5), which represents 53% (48%) of the Group's deposits from the public.

[1] Article 4, point 71 of the Regulation (EU) No 575/2013 states that eligible capital consists of the sum of Tier 1 capital and Tier 2 capital equal to or less than a third of Tier 1 capital. Furthermore, article 494 of the Regulation (EU) No 575/2013 states that during a transition period eligible capital may include Tier 2 capital up to 75% of Tier 1 capital in 2015 and up to 50% in 2016.

Cont. note 3

The Group's Liquidity Coverage Ratio (LCR)[2] was 150% (331%) and the ratio of deposits from the public to loans to the public was 1.21 (1.20).

1 December 2015 the Parent company had a liquidity reserve of SEK 846.3 million (639.8), of which other liquidity creating measures of SEK 1,146.3 million (939.8), which represents 51% (48%) of the company's deposits from the public. The Parent company's LCR[2] was 149% (331%) and the ratio of deposits from the public to loans to the public was 1.36 (1.20).

For contractual maturities of liabilities, see note 17.

[2] Article 4 of the Commission Delegated Regulation (EU) 2015/61 states that LCR is calculated by dividing the liquidity buffer with the net liquidity outflows over a 30 calendar day stress period. The bank's internal liquidity policy stipulates that LCR should be greater than 100%. Furthermore, article 38 of the Commission Delegated Regulation (EU) 2015/61 states that during a transition period the legally required level of LCR shall be 60% as at 31 December 2015 and increasing to 70% as of January 1, 2016.

NOTE 4 Operating segments

The CEO has the ultimate responsibility for the decisions being taken by the Group. Management has defined the operating segments based on the information determined by the CEO and used as a basis for decisions on the allocation of resources and evaluation of results.

The Group's principal business is lending to the public through two segments: Direct to Consumer and Sales Finance. Direct to Consumer comprises mainly of loans of limited amounts to private customers. Sales Finance provides funding solutions for the handling of invoice and instalment payments. The Group also takes deposits from the public in Sweden and Finland.

The Sales Finance segment was launched in May 2014 after the Group acquired the assets and liabilities of a company and signed a cooperation agreement with a larger company.

The Board of Directors assesses the performance of the Direct to Consumer and Sales Finance segments.

DIRECT TO CONSUMER

Group SEK thousand	2015	2014	2013
INCOME STATEMENT			
Net interest income	303,454	284,830	284,535
Net fee and commission income	18,275	11,937	7,865
Net results from financial transactions	(195)	(113)	(21)
Total operating income	**321,534**	**296,654**	**292,379**
General administrative expenses	(82,026)	(72,018)	(66,198)
Depreciation, amortisation and impairment charges of tangible and of intangible assets	(3,460)	(3,057)	(3,029)
Other operating expenses	(19,967)	(16,133)	(15,554)
Total operating expenses	**(105,453)**	**(91,208)**	**(84,781)**
Profit before loan losses	**216,082**	**205,446**	**207,598**
Net loan losses	(85,648)	(95,815)	(97,659)
Operating profit	**130,434**	**109,631**	**109,939**
Attributable to:			
Shareholders of the Parent company	130,434	109,631	109,939
Non-controlling interests	-	-	-

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
BALANCE SHEET			
Loans to the public			
Household sector	1,487,235	1,275,528	1,226,062
Corporate sector	-	581	8,096
Total loans to the public	**1,487,235**	**1,276,109**	**1,234,158**
Household sector			
Net performing loans	1,418,419	1,226,051	1,178,926
Net non-performing loans	68,816	49,477	47,136
Total household sector	**1,487,235**	**1,275,528**	**1,226,062**
Corporate sector			
Net performing loans	-	581	8,096
Total corporate sector	**-**	**581**	**8,096**

SALES FINANCE

Group SEK thousand	2015	2014	2013
INCOME STATEMENT			
Net interest income	44,790	36,739	-
Net fee and commission income	21,647	14,005	-
Net results from financial transactions	42	(38)	-
Total operating income	**66,479**	**50,706**	**-**
General administrative expenses	(36,246)	(14,898)	-
Depreciation, amortisation and impairment charges of tangible and of intangible assets	(1,108)	(413)	-
Other operating expenses	(613)	(176)	-
Total operating expenses	**(37,967)**	**(15,487)**	**-**
Profit before loan losses	**28,512**	**35,219**	**-**
Net loan losses	(22,399)	(17,528)	-
Operating profit	**6,113**	**17,691**	**-**
Attributable to the shareholders of the Parent company	11,005	17,691	-
Non-controlling interests	(4,892)	-	-

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
BALANCE SHEET			
Loans to the public			
Household sector	350,343	357,711	-
Total loans to the public	**350,343**	**357,711**	**-**
Household sector			
Net performing loans	247,565	357,711	-
Net non-performing loans	2,778	-	-
Total	**350,343**	**357,711**	**-**

GROUP INFORMATION

Group SEK thousand	2015	2014	2013
Operating income			
Operating income, Direct to Consumer	321,534	296,654	292,379
Operating income, Sales Finance	66,479	50,706	-
Total operating income for the Group	**388,013**	**347,360**	**292,379**
Operating profit			
Operating profit, Direct to Consumer	130,434	109,631	109,939
Operating profit, Sales Finance	6,113	17,691	-
Items affecting comparability	(18,232)	-	-
Total operating profit for the Group	**118,315**	**127,322**	**109,939**

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
Loans to the public			
Loans to the public, Direct to Consumer	1,487,235	1,276,109	1,234,158
Loans to the public, Sales Finance	350,343	357,711	-
Total loans to the public for the Group	**1,837,578**	**1,633,820**	**1,234,158**

For information of the geographic distribution of interest income and fee income, see notes 5 and 7, respectively.

NOTE 5 Interest income

Group SEK thousand	2015	2014	2013
Interest income on loans to the public	385,591	358,007	315,798
Other interest income	255	2,129	3,772
Total interest income	**385,846**	**360,136**	**319,570**
- of which interest income from loans and receivables	385,846	359,491	318,875
- of which interest income from non-performing loans	*8,160*	*8,624*	*8,162*
- of which interest income on available for sale financial	-	645	695
Geographic distribution of interest income:			
Sweden	152,826	173,120	169,930
Finland	158,065	142,965	123,853
Estonia	38,373	28,419	20,998
Norway	15,639	5,777	4,546
Poland	14,359	5,321	242
Denmark	6,207	4,247	-
Latvia	377	287	-
Total interest income	**385,846**	**360,136**	**319,570**

NOTE 6 Interest expense

Group SEK thousand	2015	2014	2013
Interest expense credit institutions	(1,948)	(1,453)	(971)
Interest expense public	(26,312)	(33,949)	(33,940)
Other financial expenses	(9,342)	(3,165)	(124)
Total interest expense	**(37,602)**	**(38,567)**	**(35,035)**

NOTE 7 Net fee and commission income

Group SEK thousand	2015	2014	2013
Fee and commission income			
Insurance premiums	20,432	12,110	6,977
Reminder fees	24,219	17,228	3,395
Other fee and commission income	1,231	13	9
Total fee and commission income	**45,882**	**29,351**	**10,381**

Cont. note 7

Group SEK thousand	2015	2014	2013
Fee and commission expenses			
Insurance commission expenses	(5,494)	(3,409)	(2,516)
Other expenses	(466)	-	-
Total fee and commission expenses	**(5,960)**	**(3,409)**	**(2,516)**
Net fee and commission income	**39,922**	**25,942**	**7,865**
Geographic distribution of fee and commission income:			
Sweden	22,273	17,895	8,937
Finland	6,496	3,700	983
Estonia	1,010	621	252
Norway	4,742	1,303	61
Poland	8,279	4,073	148
Denmark	2,992	1,693	-
Latvia	90	66	-
	45,882	**29,351**	**10,381**

NOTE 8 General administrative expenses

Group SEK thousand	2015	2014	2013
Staff costs			
Salaries and remuneration	(32,054)	(21,491)	(16,168)
Social security costs	(9,712)	(6,899)	(5,312)
Pension costs	(2,642)	(2,199)	(1,841)
Other staff costs	(783)	(776)	(474)
Total staff costs	**(45,191)**	**(31,365)**	**(23,795)**
Other general administrative expenses			
Postage and telephone expenses	(9,150)	(6,665)	(4,918)
IT costs	(18,909)	(14,255)	(8,892)
External debt collection costs	(4,280)	(3,755)	(3,497)
Information services and customer communication	(15,028)	(11,3909	(6,906)
Rents and premises	(4,175)	(2,787)	(1,566)
Items affecting comparability	-	-	-
Other	(21,539)	(16,699)	(16,624)
Total other general administrative expenses	**(73,081)**	**(55,551)**	**(42,403)**
Total general administrative expenses	**(118,272)**	**(86,916)**	**(66,198)**

NOTE 9 Audit fee

Group SEK thousand	2015	2014	2013
PricewaterhouseCoopers AB			
Auditing assignment	778	418	310
Audit-related services	140	62	62
Tax advisory services	96	6	19
Other services	2,913	562	368
Total audit fee	**3,927**	**1,048**	**759**

NOTE 10 Average number of employees, salaries, other remuneration and social security contributions

AVERAGE NUMBER OF EMPLOYEES BROKEN DOWN BY WOMEN AND MEN

Group SEK thousand	2015	2014	2013
Women	45	34	27
Men	33	17	9
Total	**78**	**51**	**36**

SALARIES AND REMUNERATION

Group SEK thousand	2015	2014	2013
Board of Directors and CEO	4,085	1,820	1,740
Other staff	28,473	19,871	14,628
Total salaries and remuneration	**32,558**	**21,691**	**16,368**
Social security costs as per agreement	9,712	6,899	5,312
Pension costs	2,637	2,199	1,841
Total salaries, remuneration, social security costs, and pension costs	**44,907**	**30,789**	**23,521**

SALARIES AND REMUNERATION TO THE MEMBERS OF THE BOARD OF DIRECTORS AND OTHER SENIOR EXECUTIVES

Group SEK thousand	2015	2014	2013
Chairman: Mattias Carlsson (2015), Bertil Larsson (2014 and 2013)			
Base salary	1,354	200	200
Other compensation	8	-	-
Pension costs	298	-	-
Total	**1,660**	**200**	**200**
Other members of the Board of Directors			
Thomas Grahn, base salary	150	100	100
Paul Källenius, base salary	-	-	-
John Brehmer, base salary	-	-	-
Mattias Carlsson, base salary (2014)	-	-	-
Bertil Larsson, base salary (2015)	167	-	-
Lars Wollung, base salary (2015)	-	-	-
Tone Bjørnov, base salary (2015)	-	-	-
Members of the Board of Directors in subsidiaries	56	-	-
Total	**373**	**100**	**100**
CEO:			
Base salary	1,756	1,520	1,440
Variable remuneration	500	-	-
Social security costs	660	478	452
Other compensation	94	-	-
Pension costs	299	340	311
Total	**3,309**	**2,338**	**2,203**
Deputy CEO:			
Base salary	1,158	963	852
Variable remuneration	460	-	-
Social security costs	531	309	268
Other compensation	73	19	-
Pension costs	283	226	128
Total	**2,505**	**1,517**	**1,248**
Other senior executives:[1]			
Base salary	2,516	1,982	3,754
Variable remuneration	-	-	-
Other compensation	-	58	72
Pension costs	512	429	855
Total	**3,028**	**2,469**	**4,681**

[1] In 2015 three people were indicated as senior executives, in 2014 two people and in 2013 five people.

Cont. note 10

Remuneration to senior executives
In accordance with the disclosure requirements in FFFS 2014:12, information regarding, e.g., remuneration policies, is provided on the Group's website www.tfbankgroup.com. Salaries and other remuneration to the CEO and other senior executives consists of: base salary, variable remuneration, commission-based remuneration, other compensation and pension contribution. The external members of the Board of Directors are paid in accordance with the Annual General Meeting (AGM).

Variable remuneration
The CEO and Deputy CEO received variable compensation during 2015.

Commission-based remuneration
No commission-based remuneration was paid in 2015.

A decision was taken to pay commission-based remuneration in 2014 to two of the company's senior executives based on achievement of agreed personal goals, the amounts were below SEK 100 thousand in both cases. No pension provision is made for payment of commission-based remuneration. The company's other senior executives have not received any commission-based remuneration.

Pensions
The Group's pension obligations are covered by payments to the ITP plan (individual pension plan funded through payments to insurance companies).

The retirement age is 65 for the Chief Executive Officer, for whom supplementary payments to a defined contribution plan are made annually. The retirement age is 65 for other senior executives, for whom supplementary payments to a defined contribution plan, the ITP plan, are made annually. An additional pension premium is paid on the remuneration if variable remuneration is paid.

Termination and severance pay
According to an agreement between TF Bank AB and the CEO the notice period of the CEO is six months (12 months' notice in case of termination by the Group). If the termination is initiated by the Group the base salary is paid during the notice period, but no variable remuneration is paid if such remuneration has been agreed before the termination takes effect. Severance pay is reduced by any new salary which the Chief Executive Officer receives from a new employer.

NOTE 11 Intangible assets

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
Acquisition value at beginning of year	15,582	12,905	12,730
Changes during the year			
- acquisitions	10,025	2,677	175
- acquisitions at cost	1,640	-	-
- exchange rate effect	(268)	-	-
Acquisition value at end of year	**26,979**	**15,582**	**12,905**
Accumulated amortisation at beginning of year according to plan	(10,833)	(7,988)	(5,437)
Changes during the year			
- amortisation according to plan	(3,901)	(2,845)	(2,551)
- exchange rate effect	161	-	-
Accumulated amortisation at end of year according to plan	**(14,573)**	**(10,833)**	**(7,988)**
Carrying amount at end of year	**12,406**	**4,749**	**4,916**

All intangible assets relate to in-house developed software.

NOTE 12 Tangible assets

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
Acquisition value at beginning of year	4,657	3,588	3,044
Changes during the year			
- acquisitions	624	1,069	543
- exchange rate effect	2	-	-
Acquisition value at end of year	**5,283**	**4,657**	**3,587**
Accumulated depreciation at beginning of year according to plan	(3,104)	(2,479)	(2,001)
Changes during the year			
- depreciation according to plan	(667)	(625)	(478)
- exchange rate effect	4	-	-
Accumulated depreciation at end of year according to plan	**(3,767)**	**(3,104)**	**(2,479)**
Carrying amount at end of year	**1,516**	**1,553**	**1,108**

NOTE 13 Other operating expenses

Group SEK thousand	2015	2014	2013
Marketing	(20,579)	(15,200)	(14,588)
Other	-	(1,109)	(966)
Total	**(20,579)**	**(16,309)**	**(15,554)**

NOTE 14 Net loan losses

Group SEK thousand	2015	2014	2013
Change in the provision for sold non-performing loans	(96,394)	(106,570)	(100,038)
Realised loan losses	(17,149)	(15,060)	(11,246)
Recovered from previous write-offs	8,293	8,128	8,582
Change in provision for other expected loan losses	(2,797)	159	5,043
Net loan losses	**(108,047)**	**(113,343)**	**(97,659)**

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

NOTE 15 Income tax expense

Group SEK thousand	2015	2014	2013
Tax for the year	(32,592)	(31,014)	(25,441)
Deferred tax	3,686	3,235	1,925
Income tax expense [1]	(28,906)	(27,779)	(23,615)
Reconciliation of tax on profit for the year			
Operating profit	118,315	127,322	109,939
Tax at applicable tax rate	(26,194)	(27,999)	(24,187)
Tax effect of non-deductible expenses	(2,305)	(45)	(32)
Tax effect of revenue that is recognised but not included in reported profit	(75)	(230)	(185)
Tax effect of non-taxable income	35	495	789
Tax effect of transaction costs on acquisition of subsidiaries	(367)	-	-
Income tax expense according to income statement	**(28,906)**	**(27,779)**	**(23,615)**

[1] The weighted average tax rate for the Group was 24.4% (21.8%) and for the Parent company it was 23.8% (21.7%).

NOTE 16 Foreign currencies

THE FOLLOWING CURRENCY EXPOSURES ARE TO THE FUNCTIONAL CURRENCY

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
Assets in EUR:			
Cash and balances with central banks	29,445	4,811	-
Loans to credit institutions	67,092	24,285	39,344
Loans to the public	835,761	808,484	625,495
Other assets	11,027	14,998	-
Less assets in Eurozone	(645,868)	(617,223)	-
Total assets	**297,457**	**235,355**	**664,839**
Liabilities in EUR:			
Deposits and borrowings from the public	(496,728)	(398,356)	(369,245)
Other liabilities	(17,585)	(11,328)	(1,318)
Less liabilities in Eurozone	508,691	404,913	-
Total liabilities	**(5,622)**	**(4,771)**	**(370,563)**
Foreign exchange derivatives	(435,582)	(447,013)	(292,760)
Net exposure in EUR	(143,747)	(216,429)	1,516
Net assets in Eurozone	137,177	212,310	-
	(6,570)	**(4,119)**	**1,516**
Assets in NOK:			
Loans to credit institutions	7,519	4,158	1,775
Loans to the public	227,847	33,202	16,535
Other assets	19,636	619	-
Less assets in Norway	(198,530)	-	-
Total assets	**56,472**	**37,979**	**18,310**
Liabilities in NOK:			
Liabilities to credit institutions	(1,122)	-	-
Other liabilities	(10,527)	(321)	(27)
Less liabilities in Norway	8,146	-	-
Total liabilities	**(3,503)**	**(321)**	**(27)**
Foreign exchange derivatives	(242,584)	(37,311)	(18,156)
Net exposure NOK	(189,615)	347	127
Net assets in Norway	190,384	-	-
	769	**347**	**127**

THE FOLLOWING CURRENCY EXPOSURES ARE TO THE FUNCTIONAL CURRENCY

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
Assets in PLN:			
Loans to credit institutions	9,024	4,368	1,453
Loans to the public	84,878	62,767	9,656
Other assets	3,918	2,734	-
Less assets in Poland	(90,481)	-	-
Total assets	**7,339**	**69,869**	**11,109**
Liabilities in PLN:			
Other liabilities	(12,611)	(4,790)	(490)
Less liabilities in Poland	12,003	-	-
Total liabilities	**(607)**	**(4,790)**	**(490)**
Foreign exchange derivatives	(86,207)	(67,847)	(10,818)
Net exposure PLN	(79,475)	(2,768)	(199)
Net assets in Poland	78,478	-	-
	(998)	**(2,768)**	**(199)**
Assets in DKK:			
Loans to credit institutions	3,777	1,449	-
Loans to the public	34,002	31,253	-
Other assets	335	247	-
Total assets	**38,114**	**32,949**	**-**
Liabilities in DKK:			
Other liabilities	(911)	(156)	-
Total liabilities	**(911)**	**(156)**	**-**
Foreign exchange derivatives	(36,942)	(32,589)	-
Net exposure DKK	261	204	-

THE TABLE BELOW PRESENTS THE OUTSTANDING FOREIGN EXCHANGE DERIVATIVES AT MARKET VALUE IN MILLIONS IN THE RESPECTIVE CURRENCIES

Group	31 Dec 2015	31 Dec 2014	31 Dec 2013
EUR	47.4	47.0	32.5
NOK	253.5	35.5	17.0
PLN	40.0	30.5	5.0
DKK	30.0	25.5	-

NOTE 17 Maturity information

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
Payable on demand	29,445	4,811	-
Cash and balances with central bank	**29,445**	**4,811**	**-**
Remaining maturity of less than 3 months	60,075	-	150,000
Remaining maturity of more than 3 months but less than 1 year	-	160,000	-
Treasury bills eligible for refinancing	**60,075**	**160,000**	**150,000**
Payable on demand	777,811	485,955	429,538
More than 1 year but less than 5 years	-	-	-
Loans to credit institutions	**777,811**	**485,955**	**429,538**
Remaining maturity of less than 3 months	164,263	70,975	27,251
Remaining maturity of more than 3 months but less than 1 year	342,852	269,488	128,035
More than 1 year but less than 5 years	1,982,656	2,039,347	1,690,590
Loans to the public	**2,489,771**	**2,379,810**	**1,845,876**
Liabilities to credit institutions	**-**	**-**	
Payable on demand	2,229,562	1,981,393	1,554,954
Deposits and borrowings from the public	**2,229,562**	**1,981,393**	**1,554,954**
More than 5 years	162,500	-	-
Issued securities	**162,500**	**-**	**-**
Remaining maturity of less than 3 months	54,459	35,095	31,911
Other liabilities	**54,459**	**35,095**	**31,911**

The amounts shown are the contractual undiscounted cash flows and include both interest and principal payments so the amounts are not directly linked to the balance sheet.

NOTE 18 Loans to credit institutions

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
Loans in SEK	751,614	470,400	398,762
Loans in foreign currency	26,197	15,555	30,776
Total loans to credit institutions	**777,811**	**485,955**	**429,538**

NOTE 19 Loans to the public

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
Loans to the household sector	1,837,578	1,633,239	1,226,062
Loans to the corporate sector	-	581	8,096
Total loans to the public	**1,837,578**	**1,633,820**	**1,234,158**
Loans to the household sector			
Gross loans	1,878,225	1,665,976	1,256,072
Provision for expected loan losses	(40,647)	(32,737)	(30,010)
Loans, net book value	**1,837,578**	**1,633,239**	**1,226,062**
Geographic distribution of net loans:			
Sweden	654,684	709,008	585,089
Finland	659,977	647,272	514,394
Norway	227,813	33,207	16,542
Estonia	174,297	148,514	100,381
Poland	85,278	62,803	9,656
Denmark	34,007	31,253	-
Latvia	1,522	1,182	-
Total loans, net book value	**1,837,578**	**1,633,239**	**1,226,062**

CHANGE IN PROVISION FOR ACTUAL AND EXPECTED LOAN LOSSES

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
Opening balance	(32,737)	(30,010)	(34,002)
Change in provision for sold non-performing loans	(96,394)	(106,570)	(100,038)
Reversal in provision for sold non-performing loans	96,394	106,570	100,038
Change in provision for other loan losses	(2,797)	159	5,043
Acquired provisions	(6,106)	-	-
Other adjustments [1]	993	(2,886)	(1,051)
Closing balance	**(40,647)**	**(32,737)**	**(30,010)**

[1] Other adjustments consist of currency translation differences.

LOANS TO THE CORPORATE SECTOR

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
Gross loans	-	581	8,096
Total loans, net book value	**-**	**581**	**8,096**

There have been no provisions for loans to corporates as there are no circumstances which make provision an issue.

Loans to the corporate sector relates solely to lending to companies in Sweden.

NOTE 20 Goodwill

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
Movements in goodwill			
Acquisitions during the year	12,772	-	-
Currency translation differences	(1,236)	-	-
Acquisition value at end of year	**11,536**	**-**	**-**

The Group's goodwill arose from the acquisition of the subsidiary BB Finans in Norway.

Impairment testing of goodwill for the cash-generating entity was carried out before the year-end. Calculations are based on estimated future cash flows after tax based on financial forecasts approved by the management and covers a three-year period. The more important assumptions underlying the forecasts include the average loan portfolio, credit volume and margins. The average growth rate used in the calculations is based on the company's own plans and expected future development. The calculation of the recoverable amount is based on the value in use.

The impairment tests performed in 2015 did not reveal any impairment of goodwill.

NOTE 21 Other assets

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
Derivatives	-	7,087	5,043
Other assets	9,582	3,529	166
Total other assets	**9,582**	**10,616**	**5,209**

NOTE 22 Prepaid expenses and accrued income

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
Accrued interest income	1,290	666	1,072
Other items	33,007	30,531	14,533
	34,297	**31,197**	**15,605**

NOTE 23 Liabilities to credit institutions

The Parent company has an undrawn credit facility of SEK 300 million (300).

BB Finans ASA has a credit facility of NOK 30 million (28.7), of which NOK 0.5 million (0.5) was drawn as at 31 December 2015.

NOTE 24 Deposits and borrowings from the public

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
Deposits from the public [1]	2,229,562	1,953,403	1,522,288
Total deposits and borrowings from the public	**2,229,562**	**1,953,403**	**1,522,288**

[1] Deposits from the public relates only to the household sector.

All liabilities have indefinite maturity.

NOTE 25 Other liabilities

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
Derivatives	3,090	-	-
Liabilities to TFB Holding AB	-	56,840	24,500
Trade payables	10,730	4,411	5,415
Other liabilities	12,105	3,844	1,996
Total other liabilities	**25,925**	**65,095**	**31,911**

NOTE 26 Deferred tax liabilities

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
Deferred tax assets			
Deferred tax assets attributable to loss carry forward	2,235	-	-
Deferred tax assets	**2,235**	**-**	**-**
Deferred tax liabilities			
The difference between the income tax reported in the income statement and the income tax on operations consists of:			
Deferred tax on untaxed reserves	11,577	11,614	15,381
Deferred tax on acquired surplus value [1]	2,512	-	-
Deferred tax on assets (BB Finans)	106	-	-
Deferred tax on profit account (BB Finans)	58	-	-
Deferred tax on other comprehensive income	-	532	-
Deferred tax due to temporary differences	**14,253**	**12,146**	**15,381**
The deferred taxes are expected to be settled as follows:			
Within 12 months	502	-	-
More than 12 months	13,751	12,146	15,381
	14,253	**12,146**	**15,381**
Change in gross deferred taxes is as follows:			
Gross deferred tax at beginning of year	12,146	15,381	17,305
Reported in the income statement	(3,686)	(3,235)	(1,924)
Reported in total comprehensive income	1,339	-	-
Deferred tax following the acquisition of subsidiary	2,219	-	-
Gross deferred tax at end of year	**12,018**	**12,146**	**15,381**

[1] The surplus value consists of the expected recovery of past actual losses in the acquired subsidiary BB Finans based on historical data.

NOTE 27 Accrued expenses and prepaid income

Group SEK thousand	2015-12-31	2014-12-31	2013-12-31
Accrued salaries and holiday pay	5,843	3,232	2,671
Accrued social security	3,349	2,092	1,672
Accrued interest on deposits from the public	25,339	32,913	32,666
Other accrued expenses	24,749	11,065	2,736
Total accrued expenses	**59,280**	**49,302**	**39,745**

NOTE 28 Subordinated liabilities

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
Dated subordinated loan	97,000	-	-
Total	**97,000**	**-**	**-**

Subordinated loans are subordinated to other liabilities. Nominal value is SEK 100 million. The interest rate on the subordinated loan is STIBOR 3 months plus 6.25%. The maturity date is 14 December 2025.

NOTE 29 Transactions with related parties

Consortio Fashion Holding AB (CFH), corporate identity number 556925-2819, essentially has the same owners as TFB Holding AB, corporate identity number 556705-2997, the parent holding company of TF Bank. Transactions with other related parties shown in the table below refer to transactions between TF Bank and companies in the CFH Group. All related-party transactions are priced at market prices.

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
The following transactions have been made with related parties in the Group:			
Interest income	-	-	-
Other income	-	-	-
General administrative expenses	343	202	-
	343	**202**	**-**
Assets at year-end as a result of transactions with related parties in the Group:			
Loans to credit institutions	-	-	-
Loans to TFB Holding AB	3,000	-	-
	3,000	**-**	**-**
Liabilities at year end as a result of related-party transactions in the Group:			
Liabilities to TFB Holding AB	-	56,840	24,500
	-	**56,840**	**24,500**
The following transactions have been made with other related parties:			
Interest income (transaction costs)	71,634	40,729	-
General administrative expenses	6,326	4,512	1,041
	77,960	**45,241**	**1,041**
Acquisition of assets and liabilities from other related parties:			
Sales Finance	677,466	846,923	-
	677,466	**846,923**	**-**

Group SEK thousand	2015-12-31	2014-12-31	2013-12-31
Assets at year-end as a result of transactions with other related parties:			
Other assets	91	3,311	-
	91	**3,311**	**-**
Liabilities at year-end as a result of transactions with other related parties:			
Other liabilities	2,139	138	-
	2,139	**138**	**-**

For information about remuneration to senior executives, see note 10.

NOTE 30 Investments in associated undertakings

The Parent company acquired 100% of the shares of BB Finans ASA, a Norwegian financial institution based in Bergen, on 31 July 2015. As a result of the acquisition the Parent company acquires indirectly all of the assets and assume the responsibilities and liabilities of BB Finans, including certain items that the seller has not been able to identify in connection with the transaction. The acquisition provides TF Bank with a local presence in Norway and an opportunity to establish operations with the support of experienced and professional employees who have built up an expertise in the Norwegian market over a long period of time. Furthermore, it enables the acquired company to grow in both total assets and profits.

The value of the acquisition was mainly based on the future financial operating surplus which the acquired business is expected to generate. The acquisition has not resulted in any subsequent divestitures or other changes. The assessment the management of TF Bank did prior to the acquisition remains in essence and the period post the acquisition has confirmed the assessment that came from the due diligence.

INFORMATION ON THE ACQUISITION PRICE, ACQUIRED NET ASSETS AND GOODWILL ARE AS FOLLOWS:

SEK thousand	2015
Acquisition price	
Cash	73,741
Total acquisition price	**73,741**
Carrying value at the acquisition date	
Loans to the public	150,859
Intangible assets	2,323
Other assets	2,330
Prepaid expenses and accrued income	2,809
Total assets	**158,321**
Liabilities to credit institutions	(49,379)
Deposits and borrowings from the public	(36,140)
Securities issued	(14,833)
Other liabilities	(1,642)
Accrued expenses and deferred income	(3,076)
Deferred tax liabilities	(179)
Total liabilities	**(105,249)**
Identifiable acquired assets and liabilities	53,072
Surplus value [1]	10,818
Tax on surplus value	(2,921)
Goodwill	12,772
Acquired net assets	**73,741**

[1] The surplus value consists of the expected recovery of past actual losses based on historical data.

The goodwill is attributed to the employees and high profitability of the acquired business. No part of the reported goodwill is expected to be tax deductible.

Transaction costs of SEK 1,670 thousand arose in connection with the acquisition, which has been recognised in the income statement for the Group during 2015.

Income and profit of the acquired business
The acquired business contributed SEK 11,120 thousand in income and SEK 2,565 thousand in net profit to the Group accounts for the period 1 August to 31 December 2015.

NOTE 31 Capital adequacy analysis

Background
Information about the Group's capital adequacy includes information in accordance with chapter 6, 3-4 §§, Swedish FSA's regulations (FFFS 2008:25) on annual accounts of credit institutions and securities companies and related information contained in Articles 92.3 d and f, 436 b and 438 of the Regulation (EU) No 575/2013, commonly referred to as the Capital Requirements Regulation ("**CRR**"), chapter 8, 7 §, of the Swedish FSA's regulations and general guidelines on regulatory requirements and capital buffers (FFFS 2014:12) and column A of Annex 6 of the Commission Implementing Regulation (EU) No 1423/2013. Other information required by FFFS 2014:12 and CRR is provided on the company's website www.tfbankgroup.com.

Information on own funds and capital requirements
The Group and Parent company's statutory capital requirements is governed by the Swedish Special Supervision of Credit Institutions and Investment Firms Act (2014:968), CRR, regulation on capital buffers (2014:966) and the Swedish FSA's regulations and general recommendations on regulatory requirements and capital buffers (FFFS 2014:12).

The purpose of the regulations is to ensure that the Group and Parent company manage their risks and protect its customers. The regulations state that the Group's own funds must cover the capital requirements including the minimum capital requirements (capital requirement for credit risk, market risk and operational risk). The Group's consolidated situation, with TF Bank AB as responsible institute, was established during the third quarter of 2014. The Group is currently not under supervision and the numbers below have been calculated for presentation in this financial report.[1] The capital situation of the Group has been calculated using the full IFRS consolidated accounts.

The aim is to change the legal structure in 2016 and as a result the Group with TF Bank AB as the parent company would become consolidated situation required to report to the Swedish FSA.

[1] The basis for the current consolidated situation reporting to the Swedish FSA includes the parent holding company TFB Holding AB.

Cont. note 31

THE GROUP'S CAPITAL SITUATION CAN BE SUMMARISED AS FOLLOWS:

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
Common Equity Tier 1 (CET 1) capital after deductions	309,078	266,563	233,606
Additional Tier 1 (AT 1) capital after deductions	-	-	-
Tier 2 capital after deductions	97,000	-	-
Own funds	**406,078**	**266,563**	**233,606**
Risk exposure amounts	2,229,621	1,943,558	1,550,052
- *of which:* credit risk	1,585,690	1,373,649	1,043,520
- *of which:* credit valuation adjustment	1,587	-	-
- *of which:* market risk	-	-	-
- *of which:* operational risk	642,344	569,909	506,532
CET 1 capital ratio, %	13.86%	13.72%	15.07%
Tier 1 capital ratio, %	13.86%	13.72%	15.07%
Total capital ratio, %	18.21%	13.72%	15.07%
Total CET 1 capital requirement inclusive of capital buffer requirements	168,113	136,049	69,752
- *of which:* capital conservation buffer	55,741	48,589	-
- *of which:* countercyclical capital buffer	12,040	-	-
CET 1 capital available to use as buffer [1]	208,745	179,103	163 854

[1] CET 1 capital ratio less the statutory minimum requirement of 4.5% excluding the buffer requirements. A total capital requirement of a further 3.5% is also applicable.

OWN FUNDS

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
CET 1 capital			
Share capital	107,500	5,000	5,000
Retained earnings	145,755	164,787	146,588
Audited annual profits net of any foreseeable expenses and dividends	83,560	100,525	85,934
Other reserves	1,000	1,000	1,000
Accumulated other comprehensive income	(2,560)	-	-
Minority interests	6,304	-	-
Less:			
- Intangible assets	(23,942)	(4,749)	(4,916)
- Deferred tax assets that rely on future profitability	(2,235)	-	-
- Minority interests not qualified for inclusion in own funds	(6,304)	-	-
Total CET 1 capital	*309,078*	*266,563*	*233,606*
Tier 2 capital			
Dated subordinated loan	97,000	-	-
Total own funds	**406,078**	**266,563**	**233,606**

Own funds include the Board of Director's proposal for the distribution of profit. The Group's CET 1 comply with the requirements of Regulation (EU) No 575/2013.

Cont. note 31

SPECIFICATION RISK EXPOSURE AMOUNTS

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
Credit risk according to the standardised approach			
Corporate exposures	432	3,881	8,095
Retail exposures	1,324,620	1,187,939	884,410
Exposures secured by mortgage	502	-	-
Exposures in default	60,565	49,321	46,849
Exposures to institutions with short-term credit assessment	156,992	99,766	87,559
Other items	42,579	32,742	16,607
Total risk-weighted exposure amount credit risk	**1,585,690**	**1,373,649**	**1,043,520**
Credit valuation adjustment			
Standardised method	1,586	-	-
Total risk weighted exposure amount	**1,586**	**-**	**-**
Operational risk			
Basic indicator approach	642,344	569,909	506,532
Total risk exposure amount operational risk	**642,344**	**569,909**	**506,532**
Total risk exposure amount	**2,229,621**	**1,943,558**	**1,550,052**

Capital planning

The Group's strategies and methods for measuring and maintaining the capital requirements according to Regulation (EU) No 575/2013 are based on the bank's risk management. The Group's risk management is designed to identify and analyse the risks which arise in the course of its operations, define appropriate limits for such risks and to ensure that the required controls have been introduced. Risks are monitored and controls are performed on a regular basis to ensure that limits are not exceeded. The Group has a centralised function for independent risk control which reports directly to the CEO and is tasked with analysing changes in risks and, where required, propose amendments to governing documents and processes both for the overall risk management and for specific areas, such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and investment of excess liquidity.

The consolidated situation has its own internal capital adequacy assessment process (ICAAP) to assess whether the internal capital is adequate to serve as a basis for current and future activities and to ensure that own funds is of the right size and composition. The process ensures that the consolidated situation correctly identifies, measures and manages all risks to which the consolidated situation is exposed and makes an assessment of its internal capital adequacy requirements. This includes ensuring that the consolidated situation has appropriate governing and control functions and risk management systems in place. The ICAAP is performed at least annually.

The starting point for the consolidated situation's ICAAP is risk identification and self-assessment workshops with senior executives. Using this risk analysis as a basis, each individual risk is analysed and how it will be managed is documented. References are made to applicable governing documents and policies. The risks are quantified based on the method which the consolidated situation deems to be appropriate for each type of risk. An assessment is made for each type of risk with regards to whether additional capital is required to cover the specific risk type. The assessment is based on Pillar 1 capital requirements according to Regulation (EU) No 575/2013 and additional capital is added where necessary for other risks. The ICAAP is then stress-tested to ensure that the consolidated situation's capital level can be maintained also in a stressed market situation. The consolidated situation's scenario exercise is forward-looking and based on the consolidated situation's plan.

NOTE 32 Assets pledged as security

OWN LIABILITIES

Group SEK thousand	31 Dec 2015	31 Dec 2014	31 Dec 2013
Relating to current liabilities to credit institutions			
Loans	594,559	653,017	524,610
Other assets	22,010	-	-
	616,569	**653,017**	**524,610**

TF Bank continuously pledge its Swedish and Norwegians loans to the public as security. The assets are pledged as security for the Group's credit facility of SEK 329 million. As at 31 December 2015 SEK 0.5 million was drawn from the credit facility.

NOTE 33 Non-controlling interest

Below the financial information for the Avarda AB group is presented, where there is a 49% Non-controlling interest.

The amounts shown are before any intragroup eliminations.

CONDENSED INCOME STATEMENT AND TOTAL COMPREHENSIVE INCOME

SEK thousand	2015
Operating income	107
Operating expenses	(10,092)
Operating profit	**(9,985)**
Tax	2,177
Net profit	**(7,807)**
Other comprehensive income	(116)
Total comprehensive income	**(7,923)**
Net profit attributable to non-controlling interest (49%)	**(3,826)**

CONDENSED BALANCE SHEET

SEK thousand	31 Dec 2015
Loans to credit institutions	11,115
Other assets	3,849
Total assets	**14,964**
Other liabilities	272
Accrued expenses	1,828
Total liabilities	**2,100**
Equity	**12,864**
Equity attributable to non-controlling interest (49%)	**6,303**

CONDENSED CASH FLOW

SEK thousand	2015
Operating activities	(8,051)
Investing activities	(1,561)
Financing activities	19,980
Increase in cash and cash equivalents	**10,368**

AUDITORS' REPORT

To the Board of Directors of TF Bank AB (publ), Corporate Id No 556158-1041

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HISTORICAL FINANCIAL INFORMATION

We have audited the consolidated financial statements for TF Bank AB (publ), which comprise the statement of financial position as of 31 December 2014, 2013 and 2012 and the income statement and total comprehensive income, cash flow statement and statement of changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory notes.

The Board of Directors' and the Chief Executive Officer's responsibility for the consolidated financial statements

The Board of Directors and the Chief Executive Officer are responsible for the preparation and the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU and the Annual Accounts Act for Credit Institutions and Securities Companies and additional applicable framework. This responsibility includes designing, implementing and maintaining internal control relevant to preparing and appropriately presenting consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the preparation and fair presentation in accordance with the requirements in the Commission Regulation (EC) No 809/2004.

The auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with FAR´s Recommendation RevR 5 *Examination of Prospectuses.* This recommendation requires that we comply with ethical requirements and have planned and performed the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatements. Our firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

An audit in accordance with FAR´s Recommendation RevR 5 *Examination of Prospectuses* involves performing procedures to obtain audit evidence corroborating the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on our assessment of the risks of material misstatements in the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation and fair presentation of the consolidated financial statements as a basis for designing audit procedures that are applicable under those circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also involves evaluating the accounting policies applied and the reasonableness of the significant accounting estimates made by the Board of Directors and the Chief Executive Officer and evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the consolidated financial statements give a true and fair view of the consolidated financial position of TF Bank AB (publ) as of 31 December 2015, 2014 and 2013 and its consolidated financial performance and cash flows for these year, in accordance with International Financial Reporting Standards as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies and additional applicable framework

Stockholm 1 June 2016
PricewaterhouseCoopers AB

Martin By
Authorized Public Accountant
Auditor in charge

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