



INTERIM REPORT
January-September 2016

THE PERIOD IN BRIEF

THE PERIOD JANUARY-SEPTEMBER 2016 COMPARED WITH JANUARY-SEPTEMBER 2015

- Total operating income increased by 11.8 % to SEK 322.9 million
- The loan portfolio amounted to SEK 2,357 million on 30 September 2016, an increase of 28,2 % since the end of 2015
- Operating profit decreased by 1.2 % to SEK 97.5 million
- Adjusted operating profit increased by 8.8 % to SEK 116.8 million ¹
- Net profit increased by 1.6 % to SEK 76.4 million
- Adjusted net profit increased by 11.5 % to SEK 91.4 million ¹
- The cost/income ratio was 38.1 % (35.0)
- CET1 capital ratio was 14.6 % and the total capital ratio was 18.6 %
- Earnings per share amounted to SEK 3.84 (3.59)
- Adjusted earnings per share amounted to SEK 4.54 (3.91) ¹

THIRD QUARTER, JULY-SEPTEMBER 2016 COMPARED WITH JULY-SEPTEMBER 2015

- Total operating income increased by 15.6 % to SEK 114.2 million
- Operating profit increased by 49.4 % to SEK 43.1 million
- Adjusted operating profit increased by 18.6 % to SEK 44.5 million ¹
- Net profit increased by 68.6 % to SEK 34.1 million
- Adjusted net profit increased by 30.4 % to SEK 35.1 million ¹
- The cost/income ratio was 37.2 % (37.3)
- Earnings per share amounted to SEK 1.70 (0.98)
- Adjusted earnings per share was SEK 1.75 (1.29) ¹

SIGNIFICANT EVENTS, JANUARY-SEPTEMBER 2016

- On 14 June TF Bank listed its shares on Nasdaq Stockholm. The offer was well received by the market. In total 5,661,553 shares (26.3 %) offered at SEK 77 per share.
- The Norwegian subsidiary BB Finans AS submitted an application for a bank license to the Norwegian Financial Supervisory Authority 23 June. The company has a goal of obtaining a Norwegian bank license before the end of 2016.
- In the third quarter TF Bank opened an office in Latvia. New lending in the Direct to Consumer segment started in October.

Strong organic portfolio growth, operating income at record levels and lower loan losses. A strong quarter!

TOTAL OPERATING INCOME

JAN-SEP 2016 COMPARED WITH JAN-SEP 2015

SEK **323** MILLION **+12 %**

LOAN PORTFOLIO

30 SEPTEMBER 2016 COMPARED WITH 31 DECEMBER 2015

SEK **2.4** BILLION **+28 %**

TOTAL CAPITAL RATIO

30 SEPTEMBER 2016 COMPARED WITH 31 DECEMBER 2015

18.6 % **+0.4** PERCENTAGE POINTS

ADJUSTED EARNINGS PER SHARE ¹

JAN-SEP 2016 COMPARED WITH JAN-SEP 2015

SEK **4.54** **+16 %**

¹ Adjustments have been made for one-off costs related to the initial public offering.
Definitions, see page 31.

CEO'S COMMENTS

It has been a strong quarter for TF Bank with continued solid growth in our focus markets. I would especially like to highlight the overall, organic portfolio growth of 28 % since the beginning of the year, something that has already contributed to our earnings per share, which increased by 16.1 % (excluding non-recurring expenses). Our largest market Finland, our acquisition in Norway, the launch in Poland and the ongoing build-up of activities in the Baltic countries have all contributed positively. The increased geographical diversification within the loan portfolio is in accordance with the plan of geographical risk diversification while maintaining strong margins. We look forward to continuing to work hard in the last quarter of a year that will be historical for TF Bank.

The building blocks continue to be put into place and the ongoing geographical diversification is strengthening the TF Bank Group as a whole. The geographical portfolio allocation means that country-specific risks are reduced and the Group's exposure to macroeconomic risks are diversified. In the last quarter we have also established lending operations in Latvia and it will be exciting to follow the developments in this promising Baltic market.

Lending for the Group increased during the initial nine months of the year by SEK 519 million to SEK 2.4 billion. Lending in our largest segment, Direct to Consumer, was particularly strong, growing by 30 %. The strongest percentage growth was achieved in Norway where we have benefited from BB Finans' many years of experience in the Norwegian credit market. Worth noting is that both operating margins and credit losses in Norway are lower than in the rest of the Group, a direct result of the somewhat different business structure in the subsidiary. I am also very pleased to see the continued steady growth in Poland, which is a direct result of a lot of focus and investment over the last year. Even our largest market, Finland, showed strong growth during the period. A combination of new cooperation partners and the more efficient use of internal and external data has proven highly effective.

Lending in our other segment, Sales Finance, increased by 19 % over the same nine-month period. During the



quarter, the segment's growth stagnated when Avarda's largest customer in Finland, Antilla, filed for bankruptcy. The bankruptcy affected the build-up of Avarda and will result in a blip in the growth curve. However, both TF Bank and Intrum Justitia are still confident in the growth plan in this incredibly exciting and growing business area.

Operating revenues amounted to SEK 114 million in the third quarter, a record quarter for TF Bank and an increase of 15.6 % compared to the same quarter in 2015. Operating profit during the quarter, adjusted for non-recurring items related to the IPO, increased by 18.6 % compared to the third quarter of 2015 to SEK 44.5 million.

BB Finans' application for a banking license in Norway is ongoing and we hope to receive a decision before the end of this year. On the legal front, the Group is closely following suggestions relating to new legislation in Sweden regarding possible interest rate caps. TF Bank stands fully behind these proposals and our experience is that the Group has benefited from the introduction of similar laws in other countries. We have also strengthened our risk control and compliance during the quarter by hiring a new Chief Risk Officer and a new Head of Compliance.

Overall, I can once again say that the Group continues to develop in terms of offer, revenue and geographical presence. We feel secure with our financial targets and believe that the current strong growth in lending will lead to a continued positive development in the future.

*Declan Mac Guinness
CEO & Group CEO*

THE GROUP

TF Bank was founded in Sweden in 1987 for the purpose of offering financing solutions to customers ordering goods from mail-order catalogues. Over time, the Group has grown in terms of product offering, income and geographical presence. TF Bank currently offers consumer banking services through a highly automated in-house developed IT platform designed for scalability and adaptability to different products, countries, currencies and digital banking solutions. TF Bank conducts banking operations, which include deposits and lending to retail customers in Sweden and Finland, lending to retail customers in Norway and Poland, and cross-border lending in Denmark, Estonia and Latvia.

The Group's main business consists of lending to the public through two segments: Direct to Consumer and Sales Finance. Direct to Consumer deals primarily with loans to retail customers whilst Sales Finance provides financing solutions to e-commerce businesses and retailers for handling consumer invoice and instalment payments.

KEY FIGURES, GROUP

| SEK thousand | Jul-Sep 2016 | Jul-Sep 2015 | Jan-Sep 2016 | Jan-Sep 2015 | Jan-Dec 2015 |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
| Income statement | | | | | |
| Operating income | 114,235 | 98,831 | 322,903 | 288,834 | 388,013 |
| Operating profit | 43,103 | 28,855 | 97,514 | 98,689 | 118,315 |
| Net profit for the period | 34,052 | 20,191 | 76,393 | 75,223 | 89,409 |
| Earnings per share, SEK | 1.70 | 0.98 | 3.84 | 3.59 | 4.34 |
| Balance sheet | | | | | |
| Loans to the public | 2,356,677 | 1,836,711 | 2,356,677 | 1,836,711 | 1,837,578 |
| Deposits from the public | 2,200,635 | 2,169,835 | 2,200,635 | 2,169,835 | 2,229,562 |
| Credit volume | 579,508 | 422,384 | 1,753,768 | 1,233,902 | 1,675,309 |
| Key figures | | | | | |
| Operating income margin, % | 20.5 | 21.9 | 20.5 | 21.9 | 22.4 |
| Net loan loss ratio, % | 5.4 | 6.4 | 5.4 | 6.4 | 6.2 |
| Cost/Income ratio, % | 37.2 | 37.3 | 38.1 | 35.0 | 37.0 |
| Return on equity, % | 25.7 | 35.3 | 25.7 | 35.3 | 29.9 |
| CET1 capital ratio, % | 14.6 | 14.4 | 14.6 | 14.4 | 13.9 |
| Total capital ratio, % | 18.6 | 14.4 | 18.6 | 14.4 | 18.2 |
| Employees (FTE) | 99 | 88 | 98 | 74 | 78 |

ADJUSTED KEY FIGURES, GROUP

| SEK thousand | Jul-Sep 2016 | Jul-Sep 2015 | Jan-Sep 2016 | Jan-Sep 2015 | Jan-Dec 2015 |
|--|--------------|--------------|--------------|--------------|--------------|
| Operating profit | 43,103 | 28,855 | 97,514 | 98,689 | 118,315 |
| Items affecting comparability ¹ | 1,388 | 8,650 | 19,275 | 8,650 | 18,232 |
| Adjusted operating profit | 44,491 | 37,505 | 116,789 | 107,339 | 136,547 |
| Adjusted income tax expense | - 9,356 | - 10,567 | - 25,362 | - 25,369 | - 32,917 |
| Adjusted net profit for the period | 35,135 | 26,938 | 91,428 | 81,970 | 103,630 |
| Adjusted net profit attributable to the shareholders of the Parent company | 37,549 | 27,713 | 97,568 | 83,966 | 107,456 |
| Adjusted earnings per share, SEK ² | 1.75 | 1.29 | 4.54 | 3.91 | 5.00 |
| Adjusted return on equity, % | 31.6 | 37.6 | 31.6 | 37.6 | 34.5 |

¹ Items affecting comparability in 2015 relate to transaction costs associated with the cancelled initial public offering at the Frankfurt Stock Exchange. During Jan-Sep 2016 earnings were adversely affected by costs related to the initial public offering at Nasdaq Stockholm. All costs related to the initial public offering are reported as items affecting comparability.

² The tax effect related to the change in the value of unrealised currency derivatives affects the change in adjusted earnings per share of SEK 0.05 during Jul-Sep 2016 compared with Jul-Sep 2015 and SEK 0.10 for Jan-Sep 2016 compared with Jan-Sep 2015.

Definitions, see page 31.

EARNINGS AND FINANCIAL POSITION

JANUARY-SEPTEMBER 2016

Operating profit decreased by 1.2 % to SEK 97.5 million (98.7). Non-recurring costs related to the IPO had an impact on the interim profit of SEK 19.3 million (8.7). Adjusted operating profit for the period amounted to SEK 116.8 million (107.3), an increase of 8.8 %. Adjusted earnings per share increased to SEK 4.54 (3.91) and adjusted return on equity was 31.6 % (37.6).

Operating income

The Group's operating income increased by 11.8 % to SEK 322.9 million (288.8). The organic growth during the period, primarily in Norway and Finland, had a positive impact on operating income.

Interest income

Interest income increased by 14.4 % to SEK 327.2 million (286.0). The growth came mainly from increased credit volume in the Direct to Consumer segment. So far in 2016 the Norwegian company BB Finans contributed SEK 26 million (4) in interest income. The volumes in Norway have a slightly lower interest rate compared with the Group's other markets, which results in a relatively lower operating income margin.

Interest expenses

Interest expenses increased to SEK 36.4 million (27.8). The main reason for the increase is due to the subordinated loan issued in December 2015 but also the Group's growing financing needs in markets where interest rates

are somewhat higher than in Sweden. The high lending growth was funded using existing liquidity, which suppressed the increase in interest expenses during the period.

Net fee and commission income

Net fee and commission income increased by 5.0 % to SEK 31.5 million (30.0), of which BB Finans contributed SEK 3.7 million (0.7). Net income from insurance premiums increased by SEK 2.2 million compared with the first nine months of 2015, while income from reminder fees decreased by SEK 1.8 million.

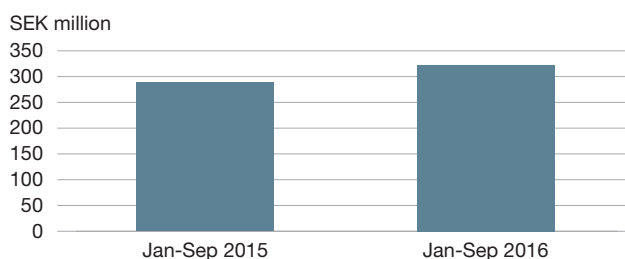
Operating expenses

The Group's operating expenses increased by 21.7 % to SEK 123.0 million (101.1). The higher costs in Avarda accounted for SEK 9.2 million of the increase. The average number of employees has increased to 98, compared with 74 employees in the comparable period in 2015, an increase of 32 %. BB Finans, Avarda and the branch in Poland accounted for most of the increase. Furthermore, the high growth in lending resulted in an increase in variable cost related to requesting credit information, customer communication and collection services. The cost/income ratio rose to 38.1 % (35.0).

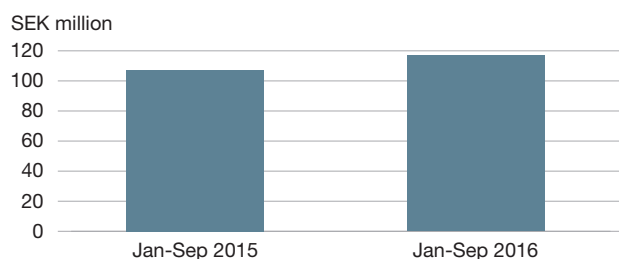
Loan losses

The net loan losses increased by 3.4 % to SEK 83.1 million (80.4) whilst the net loan loss ratio reduced to 5.4 % (6.4). In general, there has been an improvement

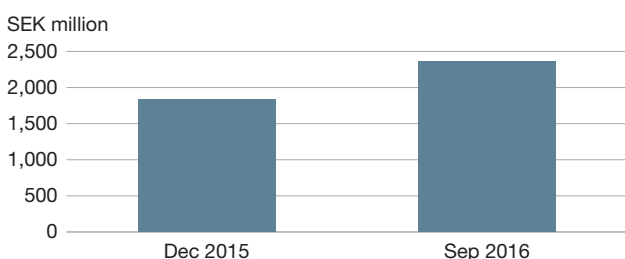
OPERATING INCOME



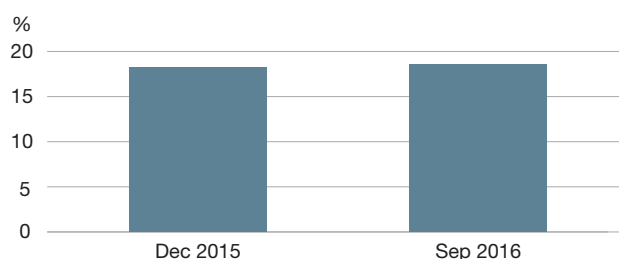
ADJUSTED OPERATING PROFIT ¹



LOANS TO THE PUBLIC



TOTAL CAPITAL RATIO



¹ Adjustments have been made for one-off costs related to the initial public offering.

Definitions, see page 31.

in the credit quality and the Group receives higher prices for non-performing loans that are sold to debt collection agencies compared to the first nine months in 2015. Moreover, the Norwegian subsidiary has a lower loan loss ratio than the other markets. With increasing volumes in Norway this will result in a relatively lower loan loss ratio for the Group.

Tax expenses

The Group's tax expenses totalled SEK 21.1 million (23.5). The decline in operating profit by SEK 1.2 million reduced tax expenses by SEK 0.3 million. The remainder was due to tax effects of changes in the value of unrealised currency derivatives for hedging purposes.

Lending

The Group's loans to the public increased by 28.2 % to SEK 2,357 million (1,838) during the interim period. Currency effects had a positive impact of 5.7 %. Strong organic growth in most markets, although Norway and Finland account for 81 % of the total increase of SEK 519 million. Credit volume amounted to SEK 1,754 million (1,234) during the interim period.

Deposits

The Group's deposits from the public decreased by 1.3 % to SEK 2,201 million (2,230) during the first nine months of 2016. The decline is attributable to the Swedish deposit balance. The Finnish deposit balance continues to increase, which is in line with the Group's strategy to finance foreign assets to a greater extent in local currencies.

Investments

Investments in the interim period amounted to SEK 5.7 million (81.3), which was mainly attributable to improvements in the Group's proprietary ledger system. The adjustments are made to meet the expected future growth in Sales Finance. BB Finans was acquired during the corresponding period in 2015.

Cash and cash equivalents

The Group's cash and cash equivalents amounted to SEK 388.2 million at the end of the period, compared with SEK 867.3 million at the start of 2016. The decline, due to high lending growth for the Group, is in line with expectations to reduce costs when the interest rates to hold cash is negative. The Group's total available cash and cash equivalents, including undrawn credit facilities of approximately SEK 331 million, amounted to 33 % of deposits from the public.

Capital adequacy

TF Bank's capital ratios continue to be significantly higher than the regulatory requirements. At the end of the interim period, the CET1 capital ratio was 14.6 % (13.9) and the total capital ratio was 18.6 % (18.2). Accordingly, the Group is well equipped to meet both increased regulatory capital requirements and higher capital requirements resulting from the Group's expected future growth.

JULY-SEPTEMBER 2016

Operating profit increased by 49.4 % to SEK 43.1 million (28.9). Non-recurring IPO related costs for the quarter impacted earnings with SEK 1.4 million (8.7). Adjusted operating income for the quarter amounted to SEK 44.5 million (37.5), an increase of 18.6%. Adjusted earnings per share increased by 35.7 % to SEK 1.75 (1.29).

Operating income

The Group's operating income increased by 15.6 % to SEK 114.2 million (98.8). The increase was mainly due to the high growth in lending which generated a net interest income which was SEK 15.5 million higher than the corresponding quarter of 2015. Net fee and commission income increased by 3.4 % to SEK 10.3 million (9.9). The operating income margin decreased to 20.5 % during the quarter, which was mainly attributable to the strong growth in Norway.

Operating expenses

The Group's operating expenses increased by 15.6 % to SEK 42.5 million (36.8). The average number of employees amounted to 99 (88) persons during the quarter, which means that staff costs have increased by SEK 2.6 million. In addition, variable costs related to obtaining credit information, customer communication and debt collection services is higher than the previous year. The cost/income ratio was 37.2 % (37.3).

Loan losses

Loan losses amounted to SEK 27.2 million (24.5), an increase of 11.0 % compared with the corresponding quarter in 2015. The increase in the quarter is primarily attributable to credit losses in the Sales Finance segment.

Tax expenses

The Group's tax expenses totalled SEK 9.1 million (8.7). The increase is related to the improved operating profit during the period. The tax rate in the third quarter of 2015 was significantly affected by negative tax effects relating to changes in the value of unrealised currency derivatives.

DIRECT TO CONSUMER

JANUARY - SEPTEMBER 2016

In the Direct to Consumer segment, TF Bank provides consumer loans to creditworthy individuals. The loans range between SEK 45,000 and SEK 300,000, depending on the geographic market, with maturities of one to ten years. These loans are typically used to meet short-term financing needs, such as vacations, new appliances, auto repairs etc. The segment accounts for approximately 82 % of the total loan portfolio and 84 % of total operating income during the initial nine months. As at 30th September 2016, the average loan amount per customer amounted to SEK 25,000 and with an average duration of approximately 18 months.

The segment is the cornerstone of TF Bank's operations and operating profit increased by 24.0 % to SEK 122.2 million (98.6) during the first nine months. The increase is due to both higher operating income and improved credit quality. Costs related to the IPO have not been allocated to the segments.

Strong organic growth has occurred in most markets, but especially in Finland, where product development and improved customer segmentation led to an increase in lending of SEK 113 million, and in Norway, through BB Finans, where the loan portfolio increased by SEK 239 million during the first nine months of 2016. Credit volume for the segment amounted to SEK 1,056 million (604) during the interim period. This is the result of TF Bank's strategy to combine activities in more established markets, such as Finland and Sweden, with the recent acquisition of Norway and the expansion in

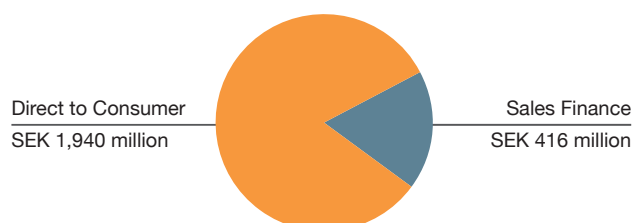
the Baltics. Moreover, the launch in Poland continues to show progress with a growing loan portfolio and improved credit quality. The segment's loans to the public grew by 30.5 % to SEK 1,940 million (1,487) during the interim period. Currency effects had a positive impact on growth with 6.2 %.

The segment's operating income, which by definition lags the growth in the portfolio, increased by 14.5 % to SEK 272.1 million (237.6) and net interest income increased by 13.4 %. Net fee and commission income increased by 33.3 % to SEK 17.2 million (12.9), of which BB Finans accounted for SEK 3.0 million of the increase.

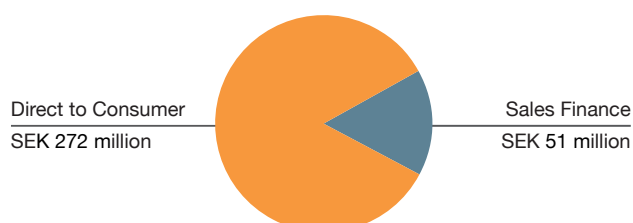
The segment's operating expenses increased by 15.2 % to SEK 87.2 million (75.7) during the interim period. The geographical expansion into Norway and Poland as well as higher personnel costs within central functions, which were allocated to the segment, accounts for most of the increase compared with the previous year. The segment's cost/income ratio was 32.1 % (31.9).

The segment's loan losses decreased by 0.9 % to SEK 62.8 million (63.3). The decrease is partly due to higher prices from the ongoing sale of non-performing loans to debt collection agencies in the Swedish and Finnish markets. Loan losses for the acquired Norwegian company BB Finans are also lower than the average for the segment, which takes an increasingly important role as the Norwegian portfolio grows in size.

LENDING BY SEGMENT



OPERATING INCOME BY SEGMENT



SALES FINANCE

JANUARY - SEPTEMBER 2016

In the Sales Finance segment, TF Bank offers online payment solutions, invoice and instalment payments for merchants in e-commerce and retail. The segment accounts for approximately 18 % of the total loan portfolio and 16 % of the total operating income during the initial nine months. TF Bank's credit risk exposure is primarily to retail customers. As at 30th September 2016, the average loan amount per customer amounted to SEK 1,500 with an average duration of nine months.

Within the Sales Finance segment, TF Bank operates under its own brand and through a joint venture, Avarda, together with Intrum Justitia. TF Bank manages its own existing customer base in the Nordic . Outside the Nordic region, the bank is in the process of developing the service either in-house, through cross-border activities or through branches. Avarda, which is in the start-up phase, has its own staff and sales organisation, and focuses its activities exclusively on the Nordic markets, where the ambition is to grow and further establish itself.

The segment's operating loss amounted to SEK -5.4 million (8.8) during the initial nine months. The decrease in income is mainly due to investments and operating costs in the start-up phase of Avarda, but also due to lower operating income from TF Bank's own largest retailers. Costs related to the IPO have not been allocated to the segments. Lending to the public increased by 18.9 % to SEK 416 million (350) during the interim period. Currency effects had a positive impact on growth with 3.5 %. The loan portfolio in Avarda showed strong growth during the second quarter

of 2016, but after the Finnish retailer Anttila filed for bankruptcy in July 2016, the loan portfolio growth for the segment stagnated. Credit volume amounted to SEK 698 million (630) during the interim period.

The segment's operating income decreased by 0.9 % to SEK 50.8 million (51.2). Net interest income increased by 7.3 %, mainly due to increased interest income from Avarda. Net fee and commission income decreased by 16.3 % to SEK 14.3 million (17.1), mainly due to a lower proportion of reminder fees from customers to the segment's largest retailers.

Operating expenses increased by 41.2 % to SEK 35.8 million (25.3), mainly due to more employees, IT development costs in Avarda and higher personnel costs within the central functions, which were allocated to the segment. The segment's cost/income ratio was 70.4 % (49.4) during the interim period.

The segment's loan losses increased by 19.1 % to SEK 20.4 million (17.1). The increase is mainly attributable to the new volumes from Avarda in the second quarter.

On 19th July, the Finnish department store chain Anttila, which was the largest customer for Avarda in Finland, filed for bankruptcy. The total financial exposure for TF Bank is very limited because Avarda's credit risk exposure is towards Anttila's customers (consumers). This risk relates primarily to any outstanding payments for returns or complaints. Work is currently under way together with the bankruptcy trustees to determine any remaining exposure. A report is expected to be completed during the fourth quarter of 2016.

OTHER

Risks and uncertainties

TF Bank faces various types of risks, such as credit risk, market risk, liquidity risk and operational risk. In order to limit and control risk-taking in the business, the Board, which is ultimately responsible for internal controls, has defined policies and instructions for lending and other activities. For a more detailed description of financial risks and the use of financial instruments, and capital adequacy, see notes 2 and 7. Further information can be found in notes 3 and 34 of the 2015 annual report.

Accounting policies

The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). In addition, amendments to the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), RFR 1 Supplementary Accounting Rules for Groups issued by the Swedish Financial Reporting Board, and the Swedish Financial Supervisory Authority's regulations (FFFS 2008:25) have also been applied.

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

The accounting policies, computation methods and presentation used for the Group and Parent company are essentially unchanged from the 2015 Annual Report. The interim information on pages 2-29 is an integral part of this financial report.

Significant events during the period

Listing of TF Bank's subordinated Tier 2 loan of SEK 100 million on Nasdaq Stockholm in February.

TF Bank paid out SEK 9.7 million in shareholder contributions to Avarda AB in April 2016.

On 12 April 2016 it was decided at the Annual General Meeting to pay a dividend of SEK 0.45 per share.

On 12 April 2016 it was also decided at the Annual General Meeting to issue warrants to senior executives, which entitle the holders to subscribe for a total of 775,772 new shares in the company amounting to approximately SEK 2.5 million. Further information relating to the warrants can be found in the interim report January – June 2016.

On 2 May 2016 the deposit rate was lowered in Sweden with 0.20 percentage points to 0.7 %.

On 14 June 2016 TF Bank listed its shares on Nasdaq Stockholm. There was significant interest in the IPO. In total 5,661,553 shares (26.3 %) offered at SEK 77 per share.

On 23 June 2016 the Norwegian subsidiary BB Finans AS submitted an application for a bank license to the Norwegian FSA. The company aims to obtain a Norwegian bank license before the end of 2016.

In July the Finnish department chain Anttila filed for bankruptcy. Anttila was an important customer to the subsidiary Avarda, in which TF Bank owns 51 % of the outstanding shares.

In the third quarter TF Bank opened an office in Latvia. New lending in the Direct to Consumer segment started in October.

Events after the end of the reporting period

On 4 October 2016 the deposit rate in Sweden was raised by 0.10 percentage points to 0.80 %.

Financial targets

The Board of Directors of TF Bank has adopted the following medium-term targets:

Growth

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

Efficiency

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

Capital structure

TF Bank's objective is to maintain a total capital ratio of at least 14.5 %.

Dividend policy

TF Bank's Board of Directors has adopted a dividend policy, which states that the bank aims to distribute around 50 % of the net profit for the year.

The payment of dividends, if any, by the Company and the amounts and timing thereof will depend on a number of factors, including TF Bank's future income, financial condition, capital requirements and the general economic environment. If TF Bank, as a result of its profit and dividend policy, generates a substantial surplus, it is TF Bank's intention to use such surplus either to finance a higher organic growth rate and/or future acquisitions, or to pay out the surplus to its shareholders as dividend.

INCOME STATEMENT, GROUP

| SEK thousand | Note | Jul-Sep 2016 | Jul-Sep 2015 | Jan-Sep 2016 | Jan-Sep 2015 | Jan-Dec 2015 |
|---|------------|-----------------|-----------------|------------------|------------------|------------------|
| | 1, 2, 3, 9 | | | | | |
| Operating income | | | | | | |
| Interest income | | 116,253 | 97,939 | 327,226 | 285,977 | 385,846 |
| Interest expense | | - 12,300 | - 9,501 | - 36,442 | - 27,751 | - 37,602 |
| Net interest income | | 103,953 | 88,438 | 290,784 | 258,226 | 348,244 |
| Fee and commission income | | 12,110 | 11,648 | 37,169 | 34,037 | 45,882 |
| Fee and commission expense | | - 1,859 | - 1,734 | - 5,663 | - 4,032 | - 5,960 |
| Net fee and commission income | | 10,251 | 9,914 | 31,506 | 30,005 | 39,922 |
| Net results from financial transactions | | 31 | 479 | 613 | 603 | - 153 |
| Total operating income | | 114,235 | 98,831 | 322,903 | 288,834 | 388,013 |
| Operating expenses | | | | | | |
| General administrative expenses | | - 37,432 | - 30,565 | - 107,848 | - 81,596 | - 118,272 |
| Depreciation, amortisation and impairment charges of tangible and intangible assets | | - 1,243 | - 1,333 | - 3,345 | - 3,452 | - 4,568 |
| Other operating expenses | | - 3,871 | - 4,917 | - 11,782 | - 16,020 | - 20,579 |
| Total operating expenses | | - 42,546 | - 36,815 | - 122,975 | - 101,068 | - 143,419 |
| Profit before loan losses | | 71,689 | 62,016 | 199,928 | 187,766 | 244,594 |
| Net loan losses | | - 27,198 | - 24,511 | - 83,139 | - 80,427 | - 108,047 |
| Items affecting comparability | | - 1,388 | - 8,650 | - 19,275 | - 8,650 | - 18,232 |
| Operating profit | | 43,103 | 28,855 | 97,514 | 98,689 | 118,315 |
| Income tax expense | | - 9,051 | - 8,664 | - 21,121 | - 23,466 | - 28,906 |
| Net profit for the period | | 34,052 | 20,191 | 76,393 | 75,223 | 89,409 |
| <i>Attributable to:</i> | | | | | | |
| <i>Shareholders of the Parent company</i> | | 36,466 | 20,966 | 82,533 | 77,219 | 93,235 |
| <i>Non-controlling interests</i> | | - 2,414 | - 775 | - 6,140 | - 1,996 | - 3,826 |
| <i>Basic earnings per share (SEK)</i> | | 1.70 | 0.98 | 3.84 | 3.59 | 4.34 |
| <i>Diluted earnings per share (SEK)</i> | | 1.70 | 0.98 | 3.84 | 3.59 | 4.34 |

STATEMENT OF COMPREHENSIVE INCOME, GROUP

| SEK thousand | Jul-Sep 2016 | Jul-Sep 2015 | Jan-Sep 2016 | Jan-Sep 2015 | Jan-Dec 2015 |
|--|----------------|----------------|----------------|----------------|----------------|
| Net profit for the period | 34,052 | 20,191 | 76,393 | 75,223 | 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 | 10 | - | 190 | - | - |
| Tax on fair value gains/losses during the period | - 3 | - | - 48 | - | - |
| Currency translation differences | 224 | - 657 | 578 | - 658 | - 1,278 |
| Tax on currency translation differences during the period | 1,039 | - 968 | 1,962 | - 968 | - 1,339 |
| Other comprehensive income, net of tax | 1,270 | - 1,625 | 2,682 | - 1,626 | - 2,617 |
| Total comprehensive income for the period | 35,322 | 18,566 | 79,075 | 73,597 | 86,792 |
| <i>Attributable to:</i> | | | | | |
| <i>Shareholders of the Parent company</i> | <i>37,616</i> | <i>19,359</i> | <i>84,949</i> | <i>75,611</i> | <i>90,674</i> |
| <i>Non-controlling interests</i> | <i>- 2,294</i> | <i>- 793</i> | <i>- 5,874</i> | <i>- 2,014</i> | <i>- 3,882</i> |

BALANCE SHEET, GROUP

| SEK thousand | Note | 30 Sep 2016 | 31 Dec 2015 |
|--|---------------------|------------------|------------------|
| | 1, 2, 3, 4, 5, 7, 9 | | |
| ASSETS | | | |
| Cash and balances with central banks | | 30,754 | 29,445 |
| Treasury bills eligible for refinancing | | 60,107 | 60,075 |
| Loans to credit institutions | | 297,329 | 777,811 |
| Loans to the public | 6 | 2,356,677 | 1,837,578 |
| Shares | | 351 | - |
| Goodwill | | 12,906 | 11,536 |
| Intangible assets | | 13,241 | 12,406 |
| Tangible assets | | 1,681 | 1,516 |
| Other assets | | 5,196 | 9,582 |
| Current tax assets | | 18,950 | 1,288 |
| Deferred tax assets | | 5,626 | 2,235 |
| Prepaid expenses and accrued income | | 9,053 | 34,297 |
| Total assets | | 2,811,871 | 2,777,769 |
| LIABILITIES AND EQUITY | | | |
| Liabilities | | | |
| Liabilities to credit institutions | | 592 | 516 |
| Deposits and borrowings from the public | | 2,200,635 | 2,229,562 |
| Other liabilities | | 9,605 | 25,925 |
| Current tax liabilities | | 4,611 | - |
| Deferred tax liabilities | | 14,024 | 14,253 |
| Accrued expenses and prepaid income | | 53,834 | 59,280 |
| Subordinated liabilities | | 96,855 | 97,000 |
| Total liabilities | | 2,380,156 | 2,426,536 |
| Equity | | | |
| Share capital (21,500,000 shares of SEK 5 each) | | 107,500 | 107,500 |
| Accumulated other comprehensive income | | 1,743 | - 673 |
| Other reserves | | 1,772 | - |
| Retained earnings | | 228,428 | 144,868 |
| Net profit for the period attributable to the shareholders of the Parent company | | 82,533 | 93,235 |
| Total equity attributable to the shareholders of the Parent company | | 421,976 | 344,930 |
| Non-controlling interests | | 9,739 | 6,303 |
| Total equity | | 431,715 | 351,233 |
| Total liabilities and equity | | 2,811,871 | 2,777,769 |

CASH FLOW STATEMENT, GROUP

| SEK thousand | Jan-Sep 2016 | Jan-Sep 2015 | Jan-Dec 2015 |
|---|------------------|-----------------|-----------------|
| Operating activities | | | |
| Operating profit | 97,514 | 98,689 | 118,315 |
| <i>Adjustment for items not included in cash flow:</i> | | | |
| Depreciation and amortisation | 3,345 | 3,452 | 4,568 |
| Accrued interest income and expense | - 9,409 | - 13,128 | - 8,198 |
| Other non-cash items | 4,499 | 55 | - 1,240 |
| Paid income tax | - 36,134 | - 6,911 | - 12,074 |
| | 59,815 | 82,157 | 101,371 |
| Increase/decrease in loans to the public | - 519,099 | - 41,214 | - 42,081 |
| Increase/decrease in other short-term claims | 26,507 | 3,697 | 1,462 |
| Increase/decrease in deposits and borrowings from the public | - 28,927 | 180,292 | 240,019 |
| Increase/decrease in other short-term liabilities | - 13,205 | - 34,056 | - 34,701 |
| Cash flow from operating activities | - 474,909 | 190,876 | 266,070 |
| Investing activities | | | |
| Investments in tangible assets | - 764 | - 461 | - 630 |
| Investments in intangible assets | - 4,951 | - 7,102 | - 7,999 |
| Acquisition of associated undertakings | - | - 73,741 | - 73,741 |
| Cash flow from investing activities | - 5,715 | - 81,304 | - 82,370 |
| Financing activities | | | |
| New share issue | - | 980 | 1,019 |
| Shareholder's contribution | 9,310 | 9,310 | 9,310 |
| Change in liabilities to credit institutions | 76 | - | 516 |
| Issue of subordinated Tier 2 loan | - | - | 97,000 |
| Group contributions paid | - | - 56,840 | - 56,840 |
| Dividends paid | - 9,675 | - 18,105 | - 18,105 |
| Option premium | 1,772 | - | - |
| Cash flow from financing activities | 1,483 | - 64,655 | 32,900 |
| Cash flow for the period | - 479,141 | 44,917 | 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 | 388,190 | 695,648 | 867,331 |
| <i>Cash flow from operating activities includes interest expenses paid and interest payments received with the following amounts:</i> | | | |
| Interest expenses paid | 45,232 | 40,869 | 45,176 |
| Interest payments received | 310,163 | 289,859 | 388,957 |

STATEMENT OF CHANGES IN EQUITY, GROUP

| SEK thousand | Share capital | Other comprehensive income | Other reserves | Retained earnings | Net profit for the period | Non-controlling interests | Total equity |
|--|----------------|----------------------------|----------------|-------------------|---------------------------|---------------------------|----------------|
| Balance as at 1 Jan 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 | - | - | - | - | 82,533 | - 6,140 | 76,393 |
| Gross fair value gains/losses on available for sale financial assets | - | 190 | - | - | - | - | 190 |
| Tax on fair value gains/losses during the period | - | - 48 | - | - | - | - | - 48 |
| Gross currency translation differences | - | 312 | - | - | - | 266 | 578 |
| Tax on currency translation differences during the period | - | 1,962 | - | - | - | - | 1 962 |
| Total comprehensive income for the period, net of tax | - | 2,416 | - | - | 82,533 | - 5,874 | 79,075 |
| Transfer from retained earnings | - | - | - | 93,235 | - 93,235 | - | - |
| Dividend | - | - | - | - 9,675 | - | - | - 9,675 |
| Option premium | - | - | 1,772 | - | - | - | 1,772 |
| Shareholder contribution | - | - | - | - | - | 9,310 | 9,310 |
| Balance as at 30 Sep 2016 | 107,500 | 1,743 | 1,772 | 228,428 | 82,533 | 9,739 | 431,715 |

NOTES

NOTE 1 General information

OWNERSHIP IN TF BANK AB AS AT 30 SEPTEMBER 2016:

| Shareholder | % |
|-----------------------------------|--------------|
| TFB Holding AB | 46.93 % |
| Merizole Holding LTD | 9.01 % |
| Swedbank Robur fonder | 6.00 % |
| SEB Life International | 5.07 % |
| Erik Selin Fastigheter AB | 4.93 % |
| Danica Pension Försäkrings AB | 3.33 % |
| Pareto Nordic Return | 2.35 % |
| Gurffinans AB | 2.16 % |
| Handelsbanken fonder | 2.08 % |
| Försäkringsbolaget Avanza Pension | 1.61 % |
| Other shareholders | 16.53 % |
| Total | 100 % |

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

Branches

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

Subsidiaries

- TFB Service OÜ (12676808) 100 %
- TFB Service SIA (40203015782) 100 %
- Avarda AB (556986-5560) 51 %
- Avarda Oy (2619111-6) 51 %
- BB Finans AS (935590221) 100 %
- Confide AS (948063603) 100 %

NOTE 2 Credit risk

Financial risks

The Group's activities are exposed to a variety of financial risks: market risk (considerable currency and interest rate risk in the cash flow), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial results. TF Bank uses derivative instruments to hedge certain foreign currency exposure and applies hedge accounting for some net investments in its foreign operations.

The Board of Directors establishes written policies and control documents. Compliance with the governing documents as well as the level of the Group's credit risk are measured and reported to the Group's management and Board of Directors on an ongoing basis.

Credit risk is the risk that a counterparty causes the Group a financial loss by not fulfilling its contractual obligations. Credit risk arises primarily through lending to the public but also through cash and cash equivalents and derivatives with a positive value. Credit risk is the most significant risk in the Group and is monitored closely by the relevant functions and by the Board of Directors, who has the ultimate responsibility for managing credit risk. The Board of Directors has issued a credit policy which sets the guidelines for the Group's lending activities. A credit committee monitors the development of the level of credit risk in the loan portfolios. It decides and suggests changes to the Group's lending in line with the set credit policy as well as proposing amendments of the policy to the Board of Directors. The performance is reported at each Board meeting.

Before a loan is issued, a risk assessment is done of the customer's creditworthiness, taking into account the customer's financial position, past history and other factors. Individual risk limits are defined based on internal or external credit assessments in accordance with the limits set by the Board of Directors. The use of credit limits is regularly monitored. The Group cannot grant any loans or credits to legal entities without the approval by the Board of Directors. By only approving counterparties with an investment grade credit rating and by setting limits for the maximum exposure to each counterparty the Board of Directors also limits the credit risk arising from cash management activities.

The Group's credit approval process has high standards regarding ethics, quality and control. Despite credit risk being the largest risk exposure for the Group, the provision for loan losses is small in proportion to the outstanding loan volume (see below and note 6). The reason is that the Group regularly sells non-performing loans to debt collection agencies when the Board of Directors considers the price level to be favourable compared to keeping the non-performing loans on the balance sheet. This is currently the case for most of the markets. As a result the Group continuously realises actual loan losses through the sale of non-performing loans. The remaining portfolio has a limited number of non-performing loans and consequently relatively low level of provisions.

The objective for the Group's process of monitoring overdue payments and unsettled loans and receivables is to minimise loan losses by detecting payment issues early and following up with customers where needed. The monitoring is supported by a separate "pre-collection" system for overdue payments with automatic monitoring and reminders when payments are overdue.

The Group's loans to the public consists primarily of unsecured consumer loans. As a result the Group does not list credit risk exposures in a separate table, as there are limited assets pledged as security, while 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 | 30 Sep 2016 | 31 Dec 2015 |
|------------------------------------|------------------|------------------|
| Loans, not past due | 2,014,644 | 1,569,993 |
| Loans past due, 1 - 10 days | 179,953 | 137,389 |
| Loans past due, 11 - 69 days | 95,763 | 81,983 |
| Non-performing loans | 118,406 | 88,860 |
| Total | 2,408,766 | 1,878,225 |
| Provision for expected loan losses | - 52,089 | - 40,647 |
| Total loans to the public | 2,356,677 | 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 | 30 Sep 2016 | 31 Dec 2015 |
|-------------------------------|------------------|------------------|
| Household sector | | |
| Low risk | 1,456,830 | 1,000,104 |
| Medium risk | 470,709 | 297,385 |
| High risk | 362,821 | 424,697 |
| Unrated | - | 67,179 |
| Total household sector | 2,290,360 | 1,789,365 |

Note 2 cont.

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. Performing an in-depth analysis of the individual customer and the Group's existing customer data base determines from a risk perspective how the information is used and weighted in the model. To ensure that the risk assessment is as cost effective, accurate and precise as possible the Group can use both internal ratings and ratings provided by external providers. 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 similar 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 | 30 Sep 2016 | 31 Dec 2015 |
|--|----------------|----------------|
| Cash and balances with central banks | | |
| AA+ | 30,754 | 29,445 |
| Treasury bills eligible for refinancing | | |
| AAA | 60,107 | 60,075 |
| Loans to credit institutions | | |
| A-1+ | 105,282 | 206,642 |
| A-1 | 189,359 | 568,478 |
| A-2 | 2,688 | 4,124 |
| Other assets | | |
| A-1+ | 1,120 | - |
| Unrated | 3,891 | 5,770 |
| Total | 393,201 | 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 | Jul-Sep 2016 | Jul-Sep 2015 | Jan-Sep 2016 | Jan-Sep 2015 | Jan-Dec 2015 |
|--|-----------------|-----------------|-----------------|-----------------|------------------|
| Change in provision for sold non-performing loans | - 21,069 | - 20,444 | - 65,782 | - 72,134 | - 96,394 |
| Realised loan losses | - 5,476 | - 3,527 | - 14,480 | - 12,319 | - 17,149 |
| Recovered from previous write-offs | 2,042 | 2,388 | 6,173 | 6,186 | 8,293 |
| Change in provision for other expected loan losses | - 2,695 | - 2,928 | - 9,050 | - 2,160 | - 2,797 |
| Net loan losses | - 27,198 | - 24,511 | - 83,139 | - 80,427 | - 108,047 |

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

NOT 3 Segmentsredovisning

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 | Jul-Sep 2016 | Jul-Sep 2015 | Jan-Sep 2016 | Jan-Sep 2015 | Jan-Dec 2015 |
|--|-----------------|-----------------|-----------------|-----------------|------------------|
| Net interest income | 89,954 | 77,735 | 254,291 | 224,228 | 303,454 |
| Net fee and commission income | 5,687 | 5,046 | 17,192 | 12,901 | 18,275 |
| Net results from financial transactions | 23 | 370 | 654 | 466 | - 195 |
| Total operating income | 95,664 | 83,151 | 272,137 | 237,595 | 321,534 |
| General administrative expenses | - 25,186 | - 22,232 | - 73,369 | - 57,701 | - 82,026 |
| Depreciation, amortisation and impairment charges of tangible and of intangible assets | - 992 | - 1,017 | - 2,640 | - 2,603 | - 3,460 |
| Other operating expenses | - 3,842 | - 4,908 | - 11,211 | - 15,433 | - 19,967 |
| Total operating expenses | - 30,020 | - 28,157 | - 87,220 | - 75,737 | - 105,453 |
| Profit before loan losses | 65,644 | 54,994 | 184,917 | 161,858 | 216,082 |
| Net loan losses | - 18,769 | - 19,622 | - 62,755 | - 63,308 | - 85,648 |
| Operating profit | 46,875 | 35,372 | 122,162 | 98,550 | 130,434 |
| <i>Attributable to:</i> | | | | | |
| <i>The shareholders of the Parent company</i> | 46,875 | 35,372 | 122,162 | 98,550 | 130,434 |
| <i>Non-controlling interests</i> | - | - | - | - | - |

| Balance sheet, SEK thousand | 30 Sep 2016 | 31 Dec 2015 |
|----------------------------------|------------------|------------------|
| Loans to the public | | |
| Household sector | 1,940,189 | 1,487,235 |
| Corporate sector | - | - |
| Total loans to the public | 1,940,189 | 1,487,235 |
| Household sector | | |
| Net performing loans | 1,870,781 | 1,418,419 |
| Net non-performing loans | 69,408 | 68,816 |
| Total household sector | 1,940,189 | 1,487,235 |

Note 3 cont.

SALES FINANCE

| Income statement, SEK thousand | Jul-Sep 2016 | Jul-Sep 2015 | Jan-Sep 2016 | Jan-Sep 2015 | Jan-Dec 2015 |
|--|-----------------|----------------|-----------------|-----------------|-----------------|
| Net interest income | 13,999 | 10,704 | 36,493 | 33,998 | 44,790 |
| Net fee and commission income | 4,564 | 4,868 | 14,314 | 17,104 | 21,647 |
| Net results from financial transactions | 8 | 108 | - 41 | 137 | 42 |
| Total operating income | 18,571 | 15,680 | 50,766 | 51,239 | 66,479 |
| General administrative expenses | - 12,246 | - 8,335 | - 34,479 | - 23,896 | - 36,246 |
| Depreciation, amortisation and impairment charges of tangible and of intangible assets | - 251 | - 315 | - 705 | - 849 | - 1,108 |
| Other operating expenses | - 29 | - 9 | - 571 | - 586 | - 613 |
| Total operating expenses | - 12,526 | - 8,659 | - 35,755 | - 25,331 | - 37,967 |
| Profit before loan losses | 6,045 | 7,022 | 15,011 | 25,908 | 28,512 |
| Net loan losses | - 8,429 | - 4,889 | - 20,384 | - 17,119 | - 22,399 |
| Operating profit | - 2,384 | 2,133 | - 5,373 | 8,789 | 6,113 |
| <i>Attributable to:</i> | | | | | |
| <i>The shareholders of the Parent company</i> | 673 | 3,127 | 2,426 | 11,348 | 11,005 |
| <i>Non-controlling interests</i> | - 3,057 | - 994 | - 7,799 | - 2,559 | - 4,892 |

| Balance sheet, SEK thousand | 30 Sep 2016 | 31 Dec 2015 |
|----------------------------------|----------------|----------------|
| Loans to the public | | |
| Household sector | 416,488 | 350,343 |
| Corporate sector | - | - |
| Total loans to the public | 416,488 | 350,343 |
| Household sector | | |
| Net performing loans | 409,738 | 347,565 |
| Net non-performing loans | 6,750 | 2,778 |
| Total household sector | 416,488 | 350,343 |

GROUP

| Income statement, SEK thousand | Jul-Sep 2016 | Jul-Sep 2015 | Jan-Sep 2016 | Jan-Sep 2015 | Jan-Dec 2015 |
|---|----------------|---------------|----------------|----------------|----------------|
| Operating income | | | | | |
| Operating income, Direct to Consumer | 95,664 | 83,151 | 272,137 | 237,595 | 321,534 |
| Operating income, Sales Finance | 18,571 | 15,680 | 50,766 | 51,239 | 66,479 |
| Total operating income for the Group | 114,235 | 98,831 | 322,903 | 288,834 | 388,013 |
| Operating profit | | | | | |
| Operating profit, Direct to Consumer | 46,875 | 35,372 | 122,162 | 98,550 | 130,434 |
| Operating profit, Sales Finance | - 2,384 | 2,133 | - 5,373 | 8,789 | 6,113 |
| Items affecting comparability | - 1,388 | - 8,650 | - 19,275 | - 8,650 | - 18,232 |
| Total operating profit for the Group | 43,103 | 28,855 | 97,514 | 98,689 | 118,315 |

| Balance sheet, SEK thousand | 30 Sep 2016 | 31 Dec 2015 |
|--|------------------|------------------|
| Loans to the public | | |
| Loans to the public, Direct to Consumer | 1,940,189 | 1,487,235 |
| Loans to the public, Sales Finance | 416,488 | 350,343 |
| Total loans to the public for the Group | 2,356,677 | 1,837,578 |

NOTE 4 Classification of financial assets and liabilities

| Group 30 Sep 2016 SEK thousand | Financial instruments at fair value through profit or loss | | Available for sale finan- cial assets | Loans and receivables | Derivatives used for hedging | Other financial assets/ liabilities | Total |
|--|---|--|---|--------------------------|------------------------------------|--|------------------|
| | <i>Held for trading</i> | <i>Designated at initial recognition</i> | | | | | |
| Assets | | | | | | | |
| Cash and balances with central banks | - | - | - | 30,754 | - | - | 30,754 |
| Treasury bills eligible for refinancing | - | - | 60,107 | - | - | - | 60,107 |
| Loans to credit institutions | - | - | - | 297,329 | - | - | 297,329 |
| Loans to the public | - | - | - | 2,356,677 | - | - | 2,356,677 |
| Shares | - | - | 351 | - | - | - | 351 |
| Derivatives | 1,103 | - | - | - | 17 | - | 1,120 |
| Total assets | 1,103 | - | 60,458 | 2,684,760 | 17 | - | 2,746,338 |
| Liabilities | | | | | | | |
| Liabilities to credit institutions | - | - | - | - | - | 592 | 592 |
| Deposits and borrowings from the public | - | - | - | - | - | 2,200,635 | 2,200,635 |
| Subordinated liabilities | - | - | - | - | - | 96,855 | 96,855 |
| Derivatives | - | - | - | - | - | - | - |
| Total liabilities | - | - | - | - | - | 2,298,082 | 2,298,082 |

| Group 31 Dec 2015 SEK thousand | Financial instruments at fair value through profit or loss | | Available for sale finan- cial assets | Loans and receivables | Derivatives used for hedging | Other financial assets/ liabilities | Total |
|--|---|--|---|--------------------------|------------------------------------|--|------------------|
| | <i>Held for trading</i> | <i>Designated at initial recognition</i> | | | | | |
| 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, 30 Sep 2016 SEK thousand | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------------|---------|---------------|
| Assets | | | | |
| Treasury bills eligible for refinancing | - | 60,107 | - | 60,107 |
| Shares | - | 351 | - | 351 |
| Derivatives | - | 1,120 | - | 1,120 |
| Total assets | - | 61,578 | - | 61,578 |

| 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.

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 23.11 % as at 30 September 2016 and 25.47 % as at 31 December 2015.

| Group, 30 Sep 2016 SEK thousand | Carrying amount | Fair value | Fair value gain (+)/Fair value loss (-) |
|---|------------------|------------------|---|
| Assets | | | |
| Cash and balances with central banks | 30,754 | 30,754 | - |
| Treasury bills eligible for refinancing | 60,107 | 60,107 | - |
| Loans to credit institutions | 297,329 | 297,329 | - |
| Loans to the public | 2,356,677 | 2,356,677 | - |
| Shares | 351 | 351 | - |
| Derivatives | 1,120 | 1,120 | - |
| Total assets | 2,746,338 | 2,746,338 | - |
| Liabilities | | | |
| Liabilities to credit institutions | 592 | 592 | - |
| Deposits and borrowings from the public | 2,200,635 | 2,200,635 | - |
| Subordinated liabilities | 96,855 | 96,855 | - |
| Derivatives | - | - | - |
| Total liabilities | 2,298,082 | 2,298,082 | - |

| 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 | 30 Sep 2016 | 31 Dec 2015 |
|---|------------------|------------------|
| Loans to the household sector | 2,356,677 | 1,837,578 |
| Loans to the corporate sector | - | - |
| Total loans to the public | 2,356,677 | 1,837,578 |
| Loans to the household sector | | |
| Gross loans | 2,408,766 | 1,878,225 |
| Provision for expected loan losses | - 52,089 | - 40,647 |
| Loans, net book value | 2,356,677 | 1,837,578 |
| <i>Geographic distribution of net loans</i> | | |
| Sweden | 639,948 | 654,684 |
| Finland | 830,295 | 659,977 |
| Norway | 477,225 | 227,813 |
| Estonia | 225,468 | 174,297 |
| Poland | 145,337 | 85,278 |
| Denmark | 36,512 | 34,007 |
| Latvia | 1,892 | 1,522 |
| Total loans, net book value | 2,356,677 | 1,837,578 |

CHANGE IN PROVISION FOR ACTUAL AND EXPECTED LOAN LOSSES

| Group SEK thousand | 30 Sep 2016 | 31 Dec 2015 |
|---|-----------------|----------------|
| Opening balance | - 40,647 | - 32,737 |
| Change in provision for sold non-performing loans | - 65,782 | - 96,394 |
| Reversal in provision for sold non-performing loans | 65,782 | 96,394 |
| Change in provision for other loan losses | - 9,050 | - 2,797 |
| Acquired provisions | - | - 6,106 |
| Other adjustments ¹ | - 2,392 | 993 |
| Closing balance | - 52,089 | -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 the CRR is provided on the bank's website www.tfbankgroup.com.

Own funds and capital requirements

The bank'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 bank manages its risks and protects its customers. The regulations state that the Group's own funds must cover the capital requirements including the minimum capital requirements according to Pillar I.

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

THE GROUP'S CAPITAL SITUATION

| SEK thousand | 30 Sep 2016 | 31 Dec 2015 |
|---|----------------|----------------|
| Common Equity Tier 1 (CET1) capital after deductions | 348,937 | 309,078 |
| Additional Tier 1 (AT1) capital after deductions | - | - |
| Tier 2 capital after deductions | 96,855 | 97,000 |
| Own funds | 445,792 | 406,078 |
| Risk exposure amount | 2,396,236 | 2,229,621 |
| - of which: credit risk | 1,866,821 | 1,585,690 |
| - of which: credit valuation adjustment | 2,603 | 1,587 |
| - of which: market risk ¹ | 12,936 | - |
| - of which: operational risk | 513,876 | 642,344 |
| CET1 capital ratio, % | 14.56 | 13.86 |
| Tier 1 capital ratio, % | 14.56 | 13.86 |
| Total capital ratio, % | 18.60 | 18.21 |
| Total CET1 capital requirement incl. of capital buffer requirements | 185,469 | 168,113 |
| - of which: capital conservation buffer | 59,906 | 55,741 |
| - of which: countercyclical capital buffer | 17,732 | 12,040 |
| CET1 capital available to use as buffer | 241,106 | 208,745 |

Note 7 cont.

OWN FUNDS

| SEK thousand | 30 Sep 2016 | 31 Dec 2015 |
|--|----------------|----------------|
| <i>CET1 capital</i> | | |
| Share capital | 107,500 | 107,500 |
| Retained earnings | 228,428 | 144,868 |
| Audited annual profits net of any foreseeable expenses and dividends | 41,267 | 83,560 |
| Other reserves | 1,772 | - |
| Accumulated other comprehensive income | 1,743 | - 673 |
| Minority interests | 9,739 | 6,304 |
| Less: | | |
| - Intangible assets | - 26,147 | - 23,942 |
| - Deferred tax assets that rely on future profitability | - 5,626 | - 2,235 |
| - Minority interests not qualified for inclusion in own funds | - 9,739 | - 6,304 |
| <i>Total CET1 capital</i> | <i>348,937</i> | <i>309,078</i> |
| <i>Tier 2 capital</i> | | |
| Dated subordinated loan | 96,855 | 97,000 |
| Total own funds | 445,792 | 406,078 |

Deductions from own funds have been made in accordance with the dividend policy adopted by the Board of Directors in May 2016. The Group's CET1 capital complies with the requirements of Regulation (EU) No 575/2013.

SPECIFICATION RISK EXPOSURE AMOUNTS

| SEK thousand | 30 Sep 2016 | 31 Dec 2015 |
|---|------------------|------------------|
| Credit risk under the standardised approach | | |
| Corporate exposures | 1,516 | 432 |
| Retail exposures | 1,711,952 | 1,324,620 |
| Exposures secured by mortgage | 501 | 502 |
| Exposures in default | 78,084 | 60,565 |
| Exposures to institutions with short-term credit assessment | 62,760 | 156,992 |
| Other items | 12,008 | 42,579 |
| Total risk-weighted exposure amount credit risk | 1,866,821 | 1,585,690 |
| Credit valuation adjustment | | |
| Standardised method | 2,603 | 1,587 |
| Total risk exposure amount credit valuation adjustment | 2,603 | 1,587 |
| Market risk¹ | | |
| Foreign exchange risk | 12,936 | - |
| Total risk exposure amount market risk | 12,936 | - |
| Operational risk² | | |
| Standardised approach | 513,876 | 642,344 |
| Total risk exposure amount operational risk | 513,876 | 642,344 |
| Total risk exposure amount | 2,396,236 | 2,229,621 |

¹ The capital requirement for foreign exchange risk, which is calculated in accordance with Article 351 of Regulation (EU) 575/2013, has largely arisen at group level due to reported profits in NOK for the subsidiary BB Finans in Norway.

² 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 | 30 Sep 2016 | 31 Dec 2015 |
|---|----------------|----------------|
| Group liabilities | | |
| <i>Relating to current liabilities to credit institutions</i> | | |
| Loans | 548,707 | 594,559 |
| Other assets | 2,293 | 22,010 |
| Total | 551,000 | 616,569 |

The Group continuously pledge part of its Swedish and Norwegian loans to the public as security. The assets are pledged as security for the Group's credit facilities of SEK 332 million. SEK 0.6 million was drawn from the credit facilities as at 30 September 2016.

NOT 9 Transaktioner med närstående

Consortio Fashion Holding AB (CFH), corporate identity number 556925-2819, has largely the same owners as TF Bank's largest owner 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 priced at market.

| Group SEK thousand | Jul-Sep 2016 | Jul-Sep 2015 | Jan-Sep 2016 | Jan-Sep 2015 | Jan-Dec 2015 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| <i>The following transactions have been made with related companies within the Group:</i> | | | | | |
| General administrative expenses | - 97 | - 92 | - 277 | - 252 | - 343 |
| Total | - 97 | - 92 | - 277 | - 252 | - 343 |
| <i>The following transactions have been made with other related parties:</i> | | | | | |
| Interest income (transaction costs) | - 16,014 | - 17,677 | - 49,821 | - 54,447 | - 71,634 |
| General administrative expenses | - 1,419 | - 1,432 | - 4,280 | - 4,708 | - 6,326 |
| Total | - 17,433 | - 19,109 | - 54,101 | - 59,155 | - 77,960 |
| <i>Acquisition of assets and liabilities from other related parties:</i> | | | | | |
| Sales Finance | 150,730 | 152,523 | 476,740 | 522,041 | 677,466 |
| Total | 150,730 | 152,523 | 476,740 | 522,041 | 677,466 |

| Group SEK thousand | 30 Sep 2016 | 31 Dec 2015 |
|---|-------------|--------------|
| <i>Assets at the end of the period as a result of transactions with related parties within the Group:</i> | | |
| Loans to TFB Holding AB | - | 3,000 |
| Total | - | 3,000 |
| <i>Assets at the end of the period as a result of transactions with other related parties:</i> | | |
| Other assets | 588 | 91 |
| Total | 588 | 91 |
| <i>Liabilities at the end of the period as a result of transactions with other related parties:</i> | | |
| Other assets | - | 2,139 |
| Total | - | 2,139 |

PARENT COMPANY

TF Bank AB, corporate identity number 556158-1041, is a limited liability company with registered office in Sweden. The bank has a license to provide banking services with operations in Sweden, Finland, Norway, Denmark, Estonia, Latvia, and Poland. Its activities include lending to the public in all markets and taking deposits from the public in Sweden and Finland.

The Parent company's operating income for the first nine months of 2016 amounted to SEK 285.2 million (289.6). Net result of financial transactions had an impact on operating income of SEK – 8.2 million (5.0), which is related to currency effects on shares in foreign subsidiaries.

The company's total operating expenses for the period amounted to SEK 116.4 million (100.7), of which SEK 19.3 million (8.7) related to non-recurring expenses due to the IPO. Operating profit amounted to SEK 90.5 million (108.6) during the first nine months of 2016.

Loans to the public increased by 15.9 % to SEK 1,900 million (1,639) during the first nine months of the year. The amount includes loans to the subsidiary Avarda of SEK 49 million (0). Deposits and borrowings from the public amounted to SEK 2,201 million (2,230) at the end of the interim period.

Loans to credit institutions decreased during the interim period and amounted to SEK 652 million (906) at the end of the period. The amount includes loans to the subsidiary BB Finans of SEK 362 million (140).

The capital adequacy of the company remains at a stable level with CET1 capital ratio of 17.0 % as at 30 September 2016 (15.4). The total capital ratio was 21.4 % (19.9) at the end of the quarter, which is significantly higher than the legally required levels.

INCOME STATEMENT, PARENT COMPANY

| SEK thousand | Jul-Sep 2016 | Jul-Sep 2015 | Jan-Sep 2016 | Jan-Sep 2015 | Jan-Dec 2015 |
|---|-----------------|-----------------|------------------|------------------|------------------|
| Operating income | | | | | |
| Interest income | 105,565 | 94,778 | 302,222 | 282,816 | 377,540 |
| Interest expense | - 12,195 | - 9,249 | - 36,216 | - 27,499 | - 37,153 |
| Net interest income | 93,370 | 85,529 | 266,006 | 255,317 | 340,387 |
| Fee and commission income | 9,745 | 10,491 | 30,796 | 32,880 | 43,161 |
| Fee and commission expense | - 1,068 | - 1,274 | - 3,457 | - 3,572 | - 4,844 |
| Net fee and commission income | 8,677 | 9,217 | 27,339 | 29,308 | 38,317 |
| Net results from financial transactions | - 4,168 | 4,850 | - 8,179 | 4,982 | 5,826 |
| Total operating income | 97,879 | 99,596 | 285,166 | 289,607 | 384,530 |
| General administrative expenses | - 29,487 | - 33,617 | - 102,900 | - 82,033 | - 120,285 |
| Depreciation, amortisation and impairment charges of tangible and intangible assets | - 874 | - 1,132 | - 2,319 | - 3,183 | - 4,011 |
| Other operating expenses | - 3,806 | - 4,905 | - 11,143 | - 15,461 | - 19,980 |
| Total operating expenses | - 34,167 | - 39,654 | - 116,362 | - 100,677 | - 144,276 |
| Profit before loan losses | 63,712 | 59,942 | 168,804 | 188,930 | 240,254 |
| Net loan losses | - 23,761 | - 24,368 | - 78,325 | - 80,284 | - 107,207 |
| Operating profit | 39,951 | 35,574 | 90,479 | 108,646 | 133,047 |
| Appropriations | - | - | - | - | 171 |
| Income tax expense | - 8,169 | - 9,712 | - 19,245 | - 25,217 | - 31,659 |
| Net profit for the period | 31,782 | 25,862 | 71,234 | 83,429 | 101,559 |

STATEMENT OF COMPREHENSIVE INCOME, PARENT COMPANY

| SEK thousand | Jul-Sep 2016 | Jul-Sep 2015 | Jan-Sep 2016 | Jan-Sep 2015 | Jan-Dec 2015 |
|--|---------------|---------------|---------------|---------------|----------------|
| Net profit for the period | 31,782 | 25,862 | 71,234 | 83,429 | 101,559 |
| Other comprehensive income | | | | | |
| Items that may be reclassified subsequently to the income statement | | | | | |
| Currency translation differences during the period, net of tax | - | - | - | - | - |
| Other comprehensive income, net of tax | - | - | - | - | - |
| Total comprehensive income for the period | 31,782 | 25,862 | 71,234 | 83,429 | 101,559 |

BALANCE SHEET, PARENT COMPANY

| SEK thousand | 30 Sep 2016 | 31 Dec 2015 |
|---|------------------|------------------|
| ASSETS | | |
| Cash and balances with central banks | 30,754 | 29,445 |
| Treasury bills eligible for refinancing | 60,107 | 60,076 |
| Loans to credit institutions | 652,075 | 905,711 |
| Loans to the public | 1,899,763 | 1,639,150 |
| Shares in group companies | 95,861 | 86,145 |
| Intangible assets | 10,266 | 9,131 |
| Tangible assets | 1,177 | 1,362 |
| Other assets | 4,916 | 8,778 |
| Current tax assets | 19,666 | 2,004 |
| Prepaid expenses and accrued income | 7,776 | 28,533 |
| Total assets | 2,782,361 | 2,770,335 |
| LIABILITIES AND EQUITY | | |
| Liabilities | | |
| Deposits and borrowings from the public | 2,200,635 | 2,229,562 |
| Other liabilities | 7,027 | 21,594 |
| Accrued expenses and prepaid income | 46,617 | 54,281 |
| Subordinated liabilities | 96,855 | 97,000 |
| Total liabilities | 2,351,134 | 2,402,437 |
| Untaxed reserves | 52,621 | 52,621 |
| Equity | | |
| Share capital (21,500,000 shares of SEK 5 each) | 107,500 | 107,500 |
| Other reserves | 3,866 | 1,000 |
| Share premium reserve | 1,772 | - |
| Retained earnings | 194,234 | 105,218 |
| Total comprehensive income for the period | 71,234 | 101,559 |
| Total equity | 378,606 | 315,277 |
| TOTAL LIABILITIES AND EQUITY | 2,782,361 | 2,770,335 |

CAPITAL ADEQUACY ANALYSIS, PARENT COMPANY

| SEK thousand | 30 Sep 2016 | 31 Dec 2015 |
|---|----------------|----------------|
| Common Equity Tier 1 (CET1) capital after deductions | 373,767 | 337,515 |
| Additional Tier 1 (AT1) capital after deductions | - | - |
| Tier 2 capital after deductions | 96,855 | 97,000 |
| Own funds | 470,622 | 434,515 |
| Risk exposure amount | 2,204,577 | 2,188,257 |
| - of which: credit risk | 1,689,975 | 1,546,511 |
| - of which: credit valuation adjustment | 2,469 | 1,579 |
| - of which: market risk | - | - |
| - of which: operational risk | 512,133 | 640,167 |
| CET1 capital ratio, % | 16.95 | 15.42 |
| Tier 1 capital ratio, % | 16.95 | 15.42 |
| Total capital ratio, % | 21.35 | 19.86 |
| Total CET1 capital requirement inclusive of capital buffer requirements | 168,870 | 164,338 |
| - of which: capital conservation buffer | 55,114 | 54,706 |
| - of which: countercyclical capital buffer | 14,550 | 11,160 |
| CET1 capital available to use as buffer | 274,561 | 239,043 |

OWN FUNDS

| SEK thousand | 30 Sep 2016 | 31 Dec 2015 |
|--|----------------|----------------|
| <i>CET1 capital</i> | | |
| Share capital | 107,500 | 107,500 |
| Retained earnings | 194,234 | 105,218 |
| Audited annual profits net of any foreseeable expenses and dividends | 35,617 | 91,884 |
| Share premium reserve | 1,772 | - |
| Other reserves | 44,910 | 42,044 |
| Less: | | |
| - Intangible assets | - 10,266 | -9,131 |
| <i>Total CET1 capital</i> | <i>373,767</i> | <i>337,515</i> |
| <i>Tier 2 capital</i> | | |
| Dated subordinated loan | 96,855 | 97,000 |
| Total own funds | 470,622 | 434,515 |

Deductions from own funds have been made in accordance with the dividend policy adopted by the Board of Directors in May 2016. The Group's CET1 capital complies with the requirements of Regulation (EU) No 575/2013.

SPECIFICATION RISK EXPOSURE AMOUNTS

| SEK thousand | 30 Sep 2016 | 31 Dec 2015 |
|---|------------------|------------------|
| Credit risk under the standardised approach | | |
| Institute exposures | 72,308 | 28,060 |
| Corporate exposures | 50,149 | 3,213 |
| Retail exposures | 1,349,567 | 1,192,552 |
| Exposures in default | 51,741 | 49,082 |
| Exposures to institutions with short-term credit assessment | 61,397 | 154,670 |
| Equity exposures | 95,861 | 86,145 |
| Other items | 8,952 | 32,789 |
| Total risk-weighted exposure amount credit risk | 1,689,975 | 1,546,511 |
| Credit valuation adjustment | | |
| Standardised method | 2,469 | 1,579 |
| Total risk exposure amount credit valuation adjustment | 2,469 | 1,579 |
| Operational risk | | |
| Standardised approach | 512,133 | 640,167 |
| Total risk exposure amount operational risk | 512,133 | 640,167 |
| Total risk exposure amount | 2,204,577 | 2,188,257 |

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.

BOARD OF DIRECTORS AND CEO AFFIRMATION

The Board of Directors and the CEO certify that the interim report gives a true and fair overview of the development of the operations, financial position and result of the Parent company and the Group and describes the material risks and uncertainties that the Parent company and the Group face.

Borås 26 October 2016

Mattias Carlsson
Chairman

John Brehmer

Thomas Grahn

Paul Källenius

Bertil Larsson

Lars Wollung

Tone Bjørnov

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 at 30 September 2016 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit institutions and Securities Companies, regarding the Group, and with the Swedish Annual Accounts Act for Credit institutions and Securities Companies, regarding the Parent Company.

Stockholm, 26 October 2016
PricewaterhouseCoopers AB

Martin By
Authorized Public Accountant

DEFINITIONS

TF Bank Group makes use of the alternative key figures: adjusted operating income, adjusted net profit, adjusted earnings per share and adjusted return on equity. Non-recurring costs relate to the IPO. The bank uses these alternative key figures to better understand the underlying earning generation of the bank. Furthermore, the Group uses the key figures operating expenses divided by operating income to measure the efficiency of the bank as well as the operating income margin to measure operating income from loans to the public. The Group defines the key figures as per below. The definitions remain unchanged from previous periods.

ADJUSTED EARNINGS PER SHARE

Net profit for the period excluding non-controlling interests and items affecting comparability divided by average number of outstanding shares.

ADJUSTED OPERATING PROFIT

Operating profit excluding items affecting comparability.

ADJUSTED RETURN ON EQUITY

Net profit for the period excluding non-controlling interests and items affecting comparability as a percentage of average total equity. Rolling 12 month.

CET1 CAPITAL RATIO

CET1 capital as a percentage of total risk exposure amount.

COST/INCOME RATIO

Operating expenses as a percentage of operating income.

CREDIT VOLUME

The paid-out credit (the cash flow) in the period, for Sales Finance the volume is reduced by product returns.

EARNINGS PER SHARE

Net profit for the period excluding non-controlling interests divided by average number of outstanding shares.

EMPLOYEES (FTE)

Average number of full time employees, including employees on parental leave.

NET LOAN LOSS RATIO

Net loan losses as a percentage of average loan portfolio. Rolling 12 months.

OPERATING INCOME MARGIN

Total operating income as a percentage of average loans to the public. Rolling 12 months.

RETURN ON EQUITY

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

TOTAL CAPITAL RATIO

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

FINANCIAL CALENDAR AND CONTACTS

FINANCIAL CALENDAR

| | |
|-----------------|---|
| 9 February 2017 | Year-end report January - December 2016 |
| 5 April 2017 | Annual Report 2016 |
| 27 April 2017 | Interim report January - March 2017 |
| 3 May 2017 | Annual General Meeting |
| 18 July 2017 | Interim report January - June 2017 |
| 26 October 2017 | Interim report January - September 2017 |

This is information which TF Bank is required to disclose under the EU Market Abuse Regulation and the Securities Market Act. The information was provided for publication 27 October 2016 at 07:15 CET.

PRESENTATION FOR INVESTORS, ANALYSTS AND MEDIA

A live conference call will be held 27 October at 08:15 CET where CEO Declan Mac Guinness and CFO Mikael Meomuttel will present the report and answer questions. The conference call will be held in English and to participate dial +46 8 5664 2695 or +44 20 3008 9814. A recording of the conference call, including presentation material, will be made available on our website after the event, www.tfbankgroup.com/en/section/investor-relations.

CONTACTS

Declan Mac Guinness
CEO
TF Bank AB (publ.)
Box 947, 501 10 Borås
Phone: +46 33 722 35 65
declan.macguinness@tfbank.se

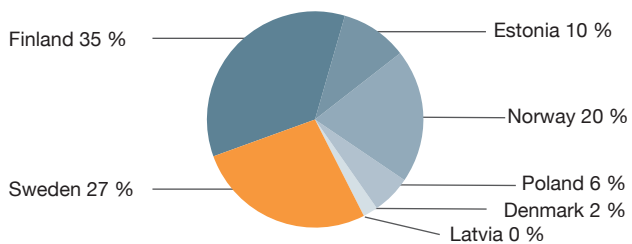
Investor Relations
Sture Stølen
Head of Investor Relations
Phone: +46 723 68 65 07
ir@tfbank.se

www.tfbankgroup.com

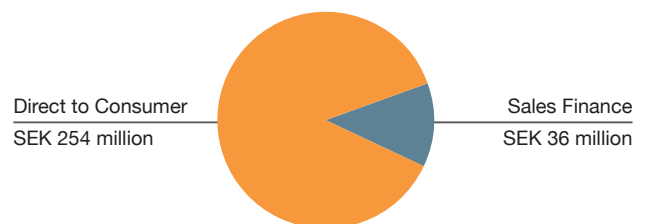
TF BANK'S GEOGRAPHICAL PRESENCE



SHARE OF LOAN PORTFOLIO BY COUNTRY, 30 SEPTEMBER 2016



NET INTEREST INCOME, FIRST NINE MONTHS 2016





TF Bank AB (publ)
Ryssnäsgratan 2, SE-504 64 Borås, Sweden
Phone: +46 33-722 35 00
Fax: +46 33-12 47 39
E-mail: ir@tfbank.se

www.tfbankgroup.com