INTERIM REPORT

January-September 2018

TFBank

THE PERIOD IN BRIEF

THE PERIOD JANUARY-SEPTEMBER 2018

COMPARED WITH JANUARY-SEPTEMBER 2017

- Total operating income increased 20.6 % to SEK 455.4 million
- The loan portfolio increased 33.0 % to SEK 4,198 million year to date
- Operating profit increased 15.5 % to SEK 164.9 million
- Net profit increased 16.0 % to SEK 126.8 million
- Cost/income ratio at 39.8 % (37.0)
- Total capital ratio at 17.4 %, an increase of 1.2 percentage points year to date
- Earnings per share increased to SEK 5.80 (5.22)

THIRD QUARTER, JULY-SEPTEMBER 2018

COMPARED WITH JULY-SEPTEMBER 2017

- Total operating income increased 24.1 % to SEK 161.7 million
- Operating profit increased 22.3 % to SEK 63.0 million
- Net profit increased 23.4 % to SEK 48.4 million
- Cost/income ratio at 39.0 % (35.2)
- Earnings per share increased to SEK 2.16 (1.87)

SIGNIFICANT EVENTS

JANUARY-SEPTEMBER 2018

- In January Avarda launched a payment solution in Finland, together with several major partners
- The Board appointed Mattias Carlsson as new CEO of TF Bank. Mattias Carlsson has worked for the bank for almost 10 years and has been serving as acting CEO since November 2017
- TF Bank issued a Tier 1 capital instrument (AT1) of SEK 100 million during the period
- At the end of June, TF Bank launched two deposit products in Germany with a fixed term of one and two years, respectively
- TF Bank has established lending operations in Lithuania within the segment Consumer Lending

AFTER THE REPORTING PERIOD

- The Board of TF Bank has established new financial targets and dividend policy

> **Higher interest income combined with lower loan losses increased the operating profit of the quarter to SEK 63 million, which is 22 % higher than the corresponding quarter in 2017**

TOTAL OPERATING INCOME
JAN-SEP 2018 COMPARED WITH JAN-SEP 2017
SEK 455 MILLION +21 %

LOAN PORTFOLIO
30 SEPTEMBER 2018 COMPARED WITH 31 DECEMBER 2017
SEK 4.2 BILLION +33 %

TOTAL CAPITAL RATIO
30 SEPTEMBER 2018 COMPARED WITH 31 DECEMBER 2017
17.4 % +1.2 PERCENTAGE POINTS

EARNINGS PER SHARE
JAN-SEP 2018 COMPARED WITH JAN-SEP 2017
SEK 5.80 +11 %

See separate section with definitions, page 40.

CEO'S COMMENTS

The strong growth continued during the third quarter and the loan portfolio surpassed SEK 4 billion in August. At the same time, the diversification of the bank's funding, geographically and with longer maturity, has continued. Higher interest income combined with lower loan losses increased the operating profit of the quarter to SEK 63 million, which is 22 % higher than the corresponding quarter in 2017.

Strong growth in several markets during the quarter
The Group's loan portfolio has increased by over 8 % and the bank welcomed over 77,000 new customers during the third quarter. Particularly gratifying is that many markets contributed to the strong growth and that the increase in Baltic loan volumes relative to the Nordic loan volumes levelled out. In the Nordic countries, growth comes mainly from Norway and Finland. Our new loan offering in Finland, with slightly higher loan amounts and slightly longer maturity, has been well received by customers and loan volumes have increased. In the Baltic countries, growth has been evenly distributed between Estonia and Latvia. The Baltic operations remain characterized by good credit quality and we see opportunities to increase our market share in this region. I also want to highlight our sales finance activities in Poland, which have strongly improved during the quarter.

Successful launch of new saving account products
The work to diversify TF Banks funding continues. Late June, TF Bank launched two new fixed term deposit account products in Germany with maturity of one and two years respectively. The new deposit products extends the maturity of the liabilities and provide a better matching against the maturity of the bank's loanbook. TF Bank currently offers deposit products in four different countries; Sweden, Finland, Norway and Germany. The diversification give the bank flexibility to achieve low cost funding when the period of accommodative monetary policy in Europe will end. Furthermore, the dependency on currency swaps to finance lending in other markets than Sweden is reduced.

Continuous sale of delinquent loans
During the third quarter new agreements has been signed for the continuous sale of delinquent loans. Our assessment is that prices for selling delinquent loans in the market are attractive at present and the generated cash flow can be used in extending new loans to customers. We currently have agreements in all markets and the bank's balance sheet will remain minimally exposed to valuation risk. At the end of the quarter, the Group's non-performing loans 90 days past due were valued at SEK 60 million, representing only 1.4% of the loan portfolio.

BB Bank: A successful acquisition
The Norwegian subsidiary BB Bank has now delivered an accumulated net profit that exceeds the acquisition price paid by TF Bank in July 2015. At the time of acquisition, BB Finans was a company with limited capacity to take the next step in business development. As the new owner, TF Bank could, among other things, provide liquidity and capital to increase the lending portfolio and to facilitate IT support to automate its processes. After the acquisition, BB Bank's management has developed the company in an outstanding manner and have been given an increased mandate to grow the business. TF Bank today is a proud owner of this subsidiary in Norway, with a bank license and their own deposits, which creates significant value for the Group.

Updated financial targets
It has now been over two years since TF Bank's IPO on Nasdaq Stockholm. Our loan portfolio has increased by almost 100 % during our time as a publicly traded company and organic growth has been higher than expected. Given TF Bank's high return on equity, the Board concludes it is a priority to continue to exploit the growth opportunities that we see ahead of us. Overall, this means that the Board has decided to update TF Bank's financial targets and dividend policy that were communicated prior to the IPO. The Board decided amongst other to further specify the growth target that now is expressed as earnings per share of at least SEK 14.50 for 2020. This is more than twice the earnings of 2017 annual accounts. Of course, this will be executed with continued discipline regarding maintaining high return on equity and vigilant risk management. In my role as CEO, I look forward in continuing the development and grow the bank in the best long term interests of employees, customers and shareholders

Mattias Carlsson
President and CEO

THE GROUP

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

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

KEY FIGURES, GROUP

SEK thousand	**Jul-Sep 2018**	Jul-Sep 2017	**Jan-Sep 2018**	Jan-Sep 2017	Jan-Dec 2017
Income statement					
Operating income	161,724	130,310	455,422	377,624	511,570
Operating profit	63,013	51,536	164,938	142,814	192,938
Net profit for the period	48,414	39,229	126,828	109,313	147,836
Earnings per share, SEK	2.16	1.87	5.80	5.22	7.04
Balance sheet					
Loans to the public	4,197,855	2,950,303	4,197,855	2,950,303	3,156,289
Deposits from the public	5,052,068	3,512,642	5,052,068	3,512,642	3,754,030
Credit volume	1,167,073	701,663	3,239,501	2,185,006	2,968,611
Key figures					
Operating income margin, %	16.7	18.4	16.7	18.4	17.9
Net loan loss ratio, %	4.1	4.6	4.1	4.6	4.5
Cost/Income ratio, %	39.0	35.2	39.8	37.0	37.0
Return on equity, %	30.9	30.2	30.9	30.2	29.7
Return on loans to the public, %	4.6	5.5	4.6	5.5	5.3
CET1 capital ratio, %	12.6	13.5	12.6	13.5	13.2
Tier 1 capital ratio, %	15.0	13.5	15.0	13.5	13.2
Total capital ratio, %	17.4	16.7	17.4	16.7	16.2
Employees (FTE)	145	112	136	108	110
Currency rates					
EUR Income statement (average)	10.4052	9.5559	10.2200	9.5792	9.6320
EUR Balance sheet (end of period)	10.2945	9.5668	10.2945	9.5668	9.8497
NOK Income statement (average)	1.0859	1.0220	1.0671	1.0377	1.0331
NOK Balance sheet (end of period)	1.0858	1.0205	1.0858	1.0205	1.0011
PLN Income statement (average)	2.4176	2.2446	2.4086	2.2456	2.2625
PLN Balance sheet (end of period)	2.4110	2.2189	2.4110	2.2189	2.3606

See separate section with definitions, page 40.

EARNINGS AND FINANCIAL POSITION

JANUARY - SEPTEMBER 2018

Operating profit increased by 15.5 % to SEK 164.9 million (142.8). Higher interest income from the growing loan volumes is the main driver of the increasing operating profit. Earnings per share increased to SEK 5.80 (5.22) and return on equity amounted to 30.9 % (30.2).

Operating income

The Group's operating income increased by 20.6 % reaching SEK 455.4 million (377.6) during the first 9 months of the year, whereas operating income margin amounted to 16.7 % (18.4). The decrease is mainly driven by that Norwegian lower yielding consumer loans grew faster than other group's products. Furthermore, new consumer lending products launched within the first half of the year have impacted the operating income margin.

Interest income

Interest income rose by 21.3 % to SEK 476.8 million (393.2). The increase is mainly due to increased lending in Norway and the Baltics, however, the higher volumes in Avarda have had a positive impact on interest income. The currency effect has also contributed to higher income compared to the corresponding period in 2017.

Interest expense

The Group's interest expenses increased by 27.5 % to SEK 60.5 million (47.4). The increase was mainly due to the growing deposit base in Germany and Norway. However, the funding cost has decreased compared to year 2017 as a result of a more diversified funding mix in foreign currencies.

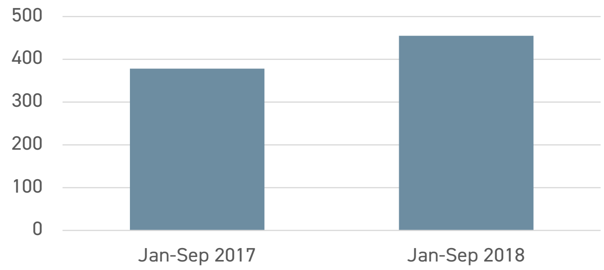
Net fee and commission income

Net fee and commission income amounted to 37.2 MSEK (31.7), an increase by 17.5 %. During the interim period, 54 % of the fee and commission income comes from charges and 46 % from insurance premiums.

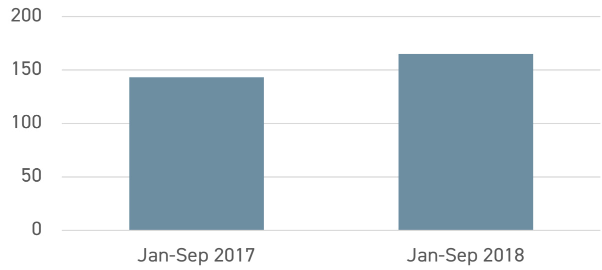
Operating expenses

The Group's operating expenses increased by 29.6 % to SEK 181.1 million (139.8). The high lending growth impacted the level of expenses compared to the similar period in 2017. The average number of full time employees increased by 26 % to 136 (108). Increased investments in IT development as well as costs related to new lending volume had impact on the operating expenses. The C/I ratio came in at 39.8 % (37.0), with the increase primarily related to increased spending on Avarda.

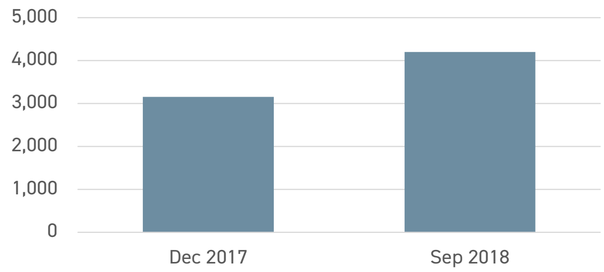
OPERATING INCOME (SEK million)



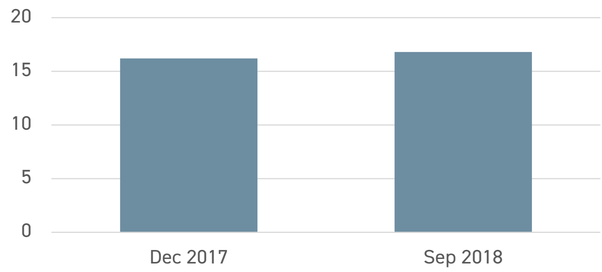
OPERATING PROFIT (SEK million)



LOANS TO THE PUBLIC (SEK million)



TOTAL CAPITAL RATIO (%)



Loan losses
Loan losses increased with 15.1 % to SEK 109.4 million (95.0) and is impacted by the portfolio growth, the new accounting rules for loan loss provisions starting from 1 January 2018 and currency effects. However, the loan loss ratio decreased to 4.1 % (4.6), new agreements regarding the sale of delinquent consumer loans have had a positive impact on loan losses for the period. Furthermore, new consumer lending products with lower credit risk also has contributed in lowering the loss ratio.

Tax expenses
The Group's tax expense amounted to SEK 38.1 million (33.5). The improved operating profit compared to the corresponding period in 2017 explains most of the increase in tax expense. The average tax rate was 23.1 % (23.5).

Lending
Loans to the public increased by 33.0 % to SEK 4,198 million (3,156) during the first nine months of the year. Currency effects positively contributed to growth by 6.1 %. The introduction of the new accounting rules, IFRS 9, have reduced growth by 2.3 % due to higher provisions on the opening loan balances. The underlying performing loan portfolio increased by 29.7 % in local currencies during the period. The Group's new lending amounted to SEK 3,240 million (2,185).

The organic growth in local currencies is primarily driven by consumer loans in Norway and the Baltics, moreover, the payment solutions offered in Finland through Avarda has also contributed to this growth. Finnish consumer loans and the e-commerce business in Poland have also seen significant growth during the third quarter. The growth in consumer loans has been positively impacted by the launch of new products, with slightly higher loan amounts, in several different markets during the first half of 2018.

Deposits
Deposits from the public increased by 34.6 % to SEK 5,052 million (3,754). Currency effects impacted the deposit balances positively with 5.3 %. Deposits in Germany generated significant net inflows during the first 9 months of 2018. During the third quarter, deposit balances with fixed one-year and two-year term have seen noticeable increases. Moreover, deposit balances in the subsidiary BB Bank in Norway have seen a significant increase in net inflows in the period.

Investments
The Group's investments amounted to SEK 12.8 million (9.5). The period's new investments mainly attributed to product development within the Ecommerce Solutions segment. Depreciation and amortization on tangible and intangible fixed assets amounted to SEK 7.4 million (5.0) during the interim period.

Cash and cash equivalents
The liquidity reserve increased to SEK 1,622 million (1,264) at the end of the interim period. The Group's total available liquidity, including undrawn credit facility of SEK 33 million, amounted to 33 % (34) of deposits from the public. The lending growth under the period has been well matched by the increased inflows from deposit products. Most of the liquidity reserve is placed on overnight accounts at different Nordic banks, in central bank accounts and in Swedish treasury bills.

Capital adequacy
At the end of the interim period, the Group's total capital ratio was 17.4 % (16.2) and the Tier 1 capital ratio was 15.0 % (13.2). The increase is mainly related to the issuance of an Additional Tier 1 capital instrument of SEK 100 million during the second quarter of 2018. The CET1 capital ratio was 12.6 % (13.2). The change has been impacted by the strong lending growth which resulted into a higher capital requirement and the deduction from own funds according to the updated dividend policy. All the capital ratios provide a satisfactory margin against the updated capital target.

JULY – SEPTEMBER 2018

Operating profit increased by 22.3 % to SEK 63.0 million (51.5) compared to the third quarter last year. Higher interest income along with a lower loan loss ratio have contributed to this improvment. Earnings per share increased to SEK 2.16 (1.87) for the quarter.

Operating income

Operating income increased by 24.1 % to SEK 161.7 million (130.3) compared with the corresponding period in 2017. The growth in the lending portfolio continued to be strong during the summer and the third quarter's interest income was SEK 10.4 million higher than the second quarter of the year. Net interest income for the third quarter amounted to SEK 148.9 million (119.2) which was 25 % higher than the corresponding period in 2017. Net fee and commission income increased to SEK 12.3 million (10.3).

Operating expenses

The Group's operating expenses increased by 37.2 % to SEK 63.0 million (45.9). The increase is mainly related to more employees in the Group, investments in IT development and expenses attributable to increased new lending volumes. The average number of employees increased by 29 % to 145 (112) persons during the third quarter. The C/I ratio came in at 39.0 % (35.2) in the quarter.

Loan losses

Loan losses increased by 8.7 % to SEK 35.7 million (32.9). New agreements regarding the sale of delinquent loans in the third quarter had a positive impact on loan losses for the period. Moreover, the seasonal effect also contributed to lower loan losses in the third quarter compared to the second quarter.

Tax expenses

The Group's tax expenses amounted to SEK 14.6 million (12.3). The average tax rate was 23.2 % (23.9).

CONSUMER LENDING

JANUARY - SEPTEMBER 2018

Overview

TF Bank offers unsecured consumer loans to credit-worthy individuals, including unsecured loans, refinancing and car loans within the segment Consumer Lending (formerly Direct to Consumer). The bank offers consumer loans on its own and through the Norwegian subsidiary BB Bank.

TF Bank offers its consumer credit products in six countries. Sweden and Finland are established core markets. The other countries are Estonia, Latvia, Lithuania and Poland. During 2018 the continuing product development with slightly adjusted interest rates and loan amounts has changed the product mix. As of 30 September 2018, the average loan amount per customer was approximately SEK 33 thousand with an average maturity of approximately 18 months.

The loan portfolio of the subsidiary BB Bank, which operates in Norway where consumer loans are one of two product areas, have passed one billion SEK in size in the second quarter of 2018. As of 30 September 2018, the average loan amount per customer amounted to approximately SEK 97 thousand with an average maturity of approximately 34 months.

The loan portfolio

Loans to the public increased by 29.9 % to SEK 3,328 million (2,561) during the first nine months. Currency has positively affected growth by 6.2 %. The introduction of the new accounting rules, IFRS 9, have reduced growth by 2.3 % due to higher provisions on the opening loan balances. The underlying performing loan portfolio increased by 26.2 % in local currencies during the period. The segment's new lending amounted to SEK 1,938 million (1,324).

The Nordic portfolio represents 74% of the segment. Norway is the main driver of growth in the Nordic portfolio and the Norwegian loan portfolio increased by 44.7 % to NOK 1,029 million (711) in 2018. The growth in Norway has been achieved while maintaining margins and credit quality. In Finland the loan portfolio increased by 3.4 % to EUR 79.2 million (76.6), the adjustments made last quarter to loan offerings in Finland contributed to this growth. In Sweden the loan portfolio has increased by 2.9 % to SEK 458 million (445) which is related to the adjusted product offerings made in a similar way as in Finland.

The Baltic countries represents 20 % of the segment. The growth continues to be strong and the loan portfolio in Estonia increased by 45.4 % to EUR 47.1 million (32.4) and in Latvia, the customer balance increased steadily during the first nine months by 228 % to EUR 19.7 million (6.0). The volume of consumer loans in Lithuania, which was launched during the second quarter, remained insignificant. The loan portfolio in Poland increased by 4.6 % to PLN 86.7 million (82.9).

Results

Operating profit for the segment increased by 15.6 % to SEK 159.2 million (137.8). The strong loan portfolio growth and a lower loan loss ratio had a positive impact on earnings.

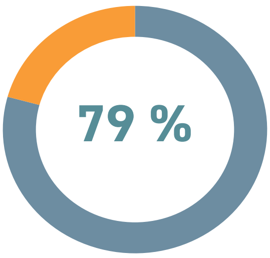
Operating income increased by 14.8 % to SEK 355.2 million (309.5) under the interim period. Growth is mainly related to consumer loans in Norway and the Baltic countries. The operating income margin decreased to 16.4 % (18.7), the decrease was mainly due to the growth of the Norwegian loan portfolio and the new loan products introduced in other markets which has affected the income margin.

The operating expenses increased by 19.5 % to SEK 114.0 million (95.4) during the interim period. The growth of the loan portfolio affected the expenses, primarily related to the expansion in Norway and the Baltic countries. The C/I ratio for the segment was 32.1 % (30.8).

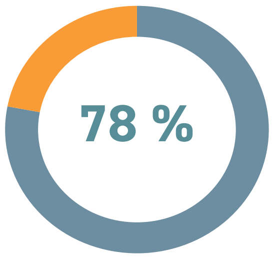
Loan losses has only increased by 7.4 % to SEK 81.9 million (76.3), in absolute figures, however, the loan loss ratio has decreased to 3.9 % (4.5). The loan losses for the segment have been positively affected by new agreements on the continuously sale of delinquent loans in Finland and Estonia. New loan products with lower credit risk and improvements of existing scoring models have also contributed to the declining loan loss ratio.

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

SHARE OF THE GROUP'S LOANS TO THE PUBLIC



SHARE OF THE GROUP'S OPERATING INCOME



ECOMMERCE SOLUTIONS

JANUARY - SEPTEMBER 2018

Overview

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

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

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

BB Bank's credit card offering increased its market share in Norway in 2017. Consequently, the growth contributed to a higher volumes, increased revenues and improved operating profit. During the last three months of 2018 a new credit card offering will be introduced in Germany.

The loan portfolio

Loans to the public increased by 46.2 % to SEK 870 million (595) during the first nine months. Currency has positively impacted growth by 5.6 %. The introduction of the new accounting rules, IFRS 9, has reduced growth by 1.9 % due to higher provisions on the opening loan balances. The underlying performing loan portfolio increased with 44.4 % in local currencies during the period.

The segment's new lending amounted to SEK 1,302 million (861).
Avarda's loan portfolio increased by 268 % to SEK 228 million (62) during the interim period. Growth is mainly related to the dealers that Avarda implemented during the first quarter. Throughout the holiday season the merchants business activity have been lower than in the previous quarter.

TF Bank's own portfolio within the segment increased by 22.7 % to SEK 498 million (406). The increase is mainly related to the operations in Poland where the loan balance has increased by 62.0 % to PLN 64.8 million (40.0).

The credit card portfolio in Norway increased by 20.0 % to NOK 144 million (120). The growth has started to accelerate in the last few months after a period of lower volumes at the beginning of 2018.

Results

Operating profit for the segment amounted to SEK 5.7 million (5.0). The operating profit throughout the year has gradually improved with higher income and stable level of expenses.

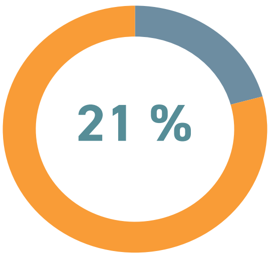
Operating income increased by 47.1 % to SEK 100.2 million (68.1). The increase is mainly related to the growth of payment solutions in Avarda and sales financing in Poland. Operating income margin was stable and amounted to 17.7 % (17.6).

The operating expenses of the segment increased by 51.1 % to SEK 67.1 million (44.4). Most of the increase is attributable to higher personnel and IT costs in Avarda, which allows for a higher rate of growth going forward. Operating expenses has been relatively stable on quarterly basis during the year.

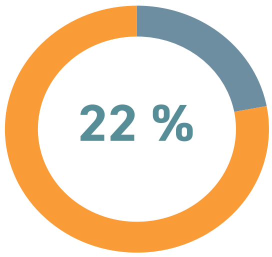
Loan losses increased by 46.4 % to SEK 27.4 million (18.7) during the first nine months of the year. New regulations for provisioning from 1 January 2018, combined with a high loan portfolio growth, had a negative impact on credit losses this year. During the third quarter of the year, Avarda divested a portfolio of non-performing loans which has resulted in an insignificant positive effect.

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

SHARE OF THE GROUP'S LOANS TO THE PUBLIC



SHARE OF THE GROUP'S OPERATING INCOME



ACCOUNTING POLICIES AND RISKS

Accounting policies

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

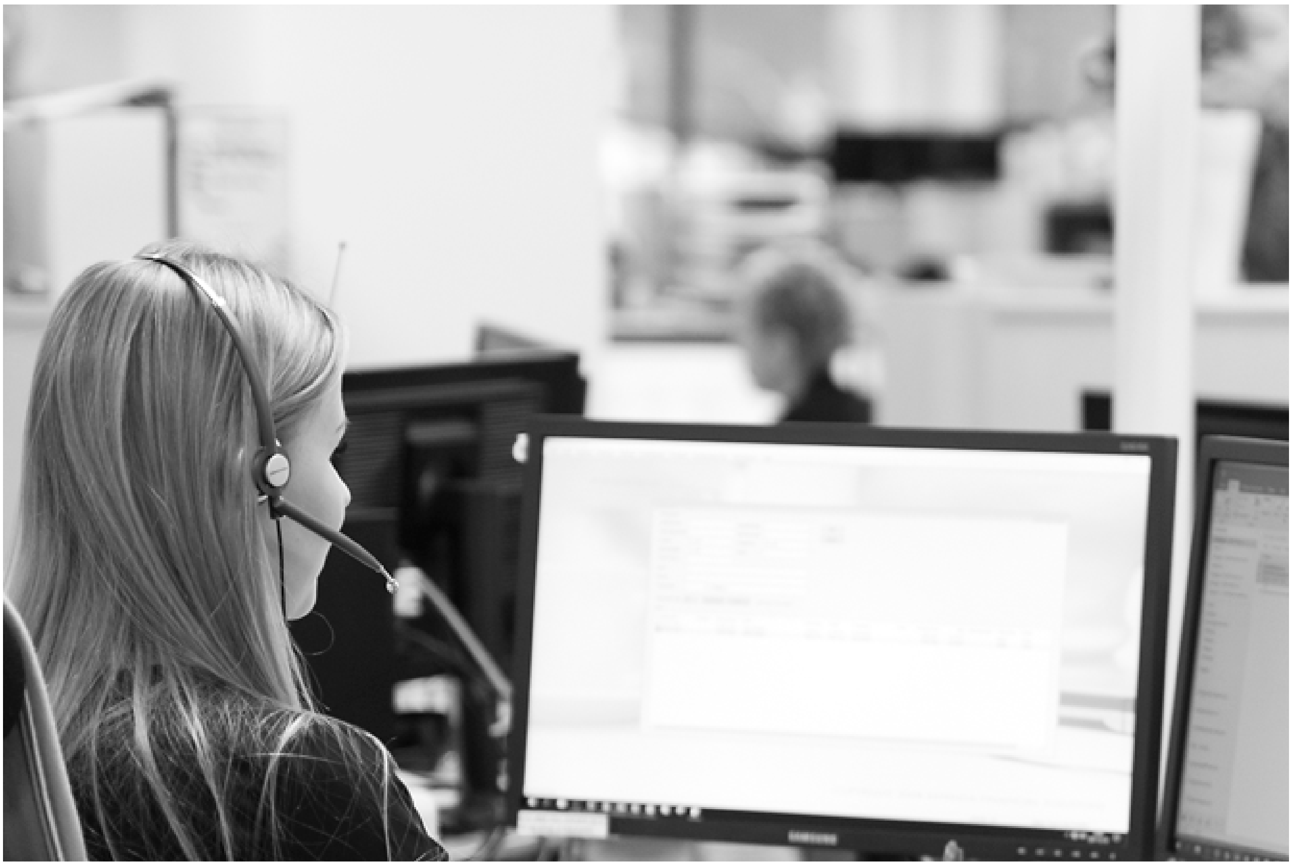
The Parent company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board, and the Swedish Financial Supervisory Authority's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

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

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

Risks and uncertainties

TF Bank faces various types of risks, such as credit risk, market risk, liquidity risk and operational risk. In order to limit and control risk-taking in the business, the Board, which is ultimately responsible for internal controls, has defined policies and instructions for lending and other activities. For a more detailed description of financial risks and the use of financial instruments, and capital adequacy, see notes 2 and 7. Further information can be found in notes 3 and 34 of the 2017 annual report.



OTHER FINANCIAL INFORMATION

The share (TFBANK)
TF Bank listed 14 June 2016 on the Mid Cap list on the Nasdaq Stockholm. The TF Bank share trades under the name TFBANK (ISIN code is SE0007331608). As at the end of September 2018, the share price closed at SEK 80.80, an increase of about 5 % since the stock exchange listing. In total, 8.7 million shares have been traded on the Nasdaq Stockholm during the period 14 June 2016 to 30 September 2018, valued at approximately SEK 754 million.

Financial targets
On 24 October the Board of TF Bank has adopted the following targets:

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

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

Capital structure
TF Bank aims that all capital ratios shall exceed the legal requirement (including pillar 2) by at least 2.5 % points.

Dividend policy
TF Bank's dividend policy is to distribute surplus capital relative to the capital target and the bank's capital planning.

Significant events, January-September 2018
In January Avarda launched a payment solution in Finland, together with several major partners.

New agreements regarding continuing sale of consumer loans which are transferred for debt collection has been signed in Finland, Estonia, Latvia and Lithuania.

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

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

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

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

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

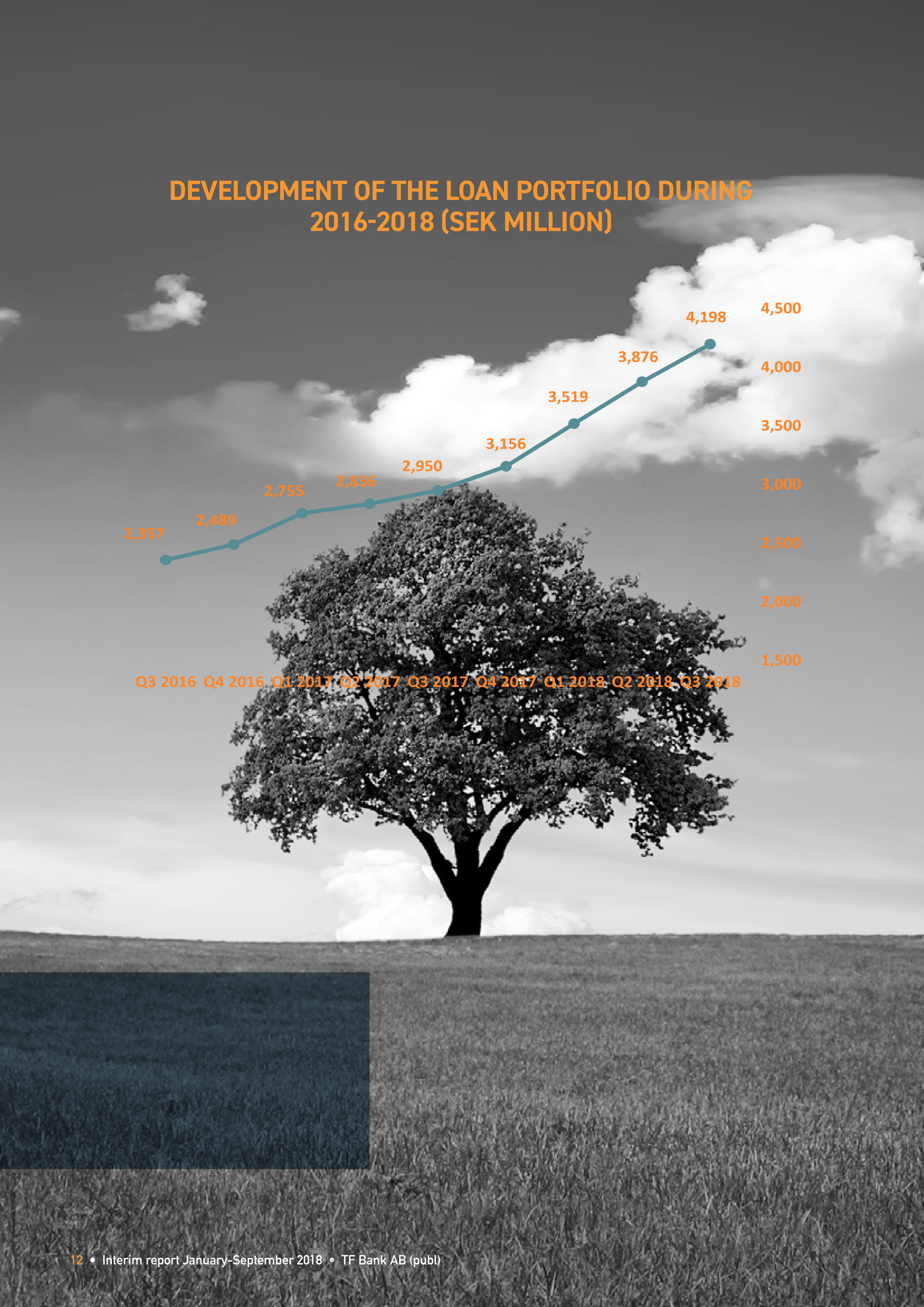
BB Bank's subsidiary Confide AS has been sold in June.

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

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

Events after the reporting period
The Board of TF Bank has established new financial targets and dividend policy.

DEVELOPMENT OF THE LOAN PORTFOLIO DURING 2016-2018 (SEK MILLION)



INCOME STATEMENT, GROUP

SEK thousand	Note	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
	1, 2, 3, 9					
Operating income						
Interest income		170,360	135,406	476,754	393,180	533,198
Interest expense		-21,468	-16,250	-60,505	-47,443	-64,557
Net interest income		**148,892**	**119,156**	**416,249**	**345,737**	**468,641**
Fee and commission income		14,942	12,427	44,112	37,923	51,237
Fee and commission expense		-2,663	-2,158	-6,908	-6,271	-8,401
Net fee and commission income		**12,279**	**10,269**	**37,204**	**31,652**	**42,836**
Net results from financial transactions		553	885	1,969	235	93
Total operating income		**161,724**	**130,310**	**455,422**	**377,624**	**511,570**
Operating expenses						
General administrative expenses		-56,053	-40,648	-163,045	-124,647	-169,048
Depreciation and amortisation of tangible and intangible assets		-2,557	-1,725	-7,392	-4,975	-6,890
Other operating expenses		-4,383	-3,542	-10,697	-10,182	-13,351
Total operating expenses		**-62,993**	**-45,915**	**-181,134**	**-139,804**	**-189,289**
Profit before loan losses		**98,731**	**84,395**	**274,288**	**237,820**	**322,281**
Net loan losses		-35,718	-32,859	-109,350	-95,006	-129,343
Operating profit		**63,013**	**51,536**	**164,938**	**142,814**	**192,938**
Income tax expense		-14,599	-12,307	-38,110	-33,501	-45,102
Net profit for the period		**48,414**	**39,229**	**126,828**	**109,313**	**147,836**
Attributable to:						
Shareholders of the Parent company		*46,352*	*40,221*	*124,766*	*112,291*	*151,459*
Additional tier 1 capital holders		*2,062*	*-*	*2,062*	*-*	*-*
Non-controlling interests		*-*	*-992*	*-*	*-2,978*	*-3,623*
Basic earnings per share (SEK)		*2.16*	*1.87*	*5.80*	*5.22*	*7.04*
Diluted earnings per share (SEK)		*2.16*	*1.87*	*5.80*	*5.22*	*7.04*

STATEMENT OF COMPREHENSIVE INCOME, GROUP

SEK thousand	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
Net profit for the period	**48,414**	**39,229**	**126,828**	**109,313**	**147,836**
Other comprehensive income					
Items that may be reclassified subsequently to the income statement					
Gross fair value change relating to available-for-sale financial assets / fair value through other comprehensive income	-	2	-	27	22
Gross currency translation differences	232	107	1,194	-911	-1,281
Tax on currency translation differences during the period	-1,042	275	4,131	-663	-1,325
Other comprehensive income, net of tax	**-810**	**384**	**5,325**	**-1,547**	**-2,584**
Total comprehensive income for the period	**47,604**	**39,613**	**132,153**	**107,766**	**145,252**
Attributable to:					
Shareholders of the Parent company	*45,542*	*40,649*	*130,091*	*110,727*	*148,829*
Additional tier 1 capital holders	*2,062*	*-*	*2,062*	*-*	*-*
Non-controlling interests	*-*	*-1,036*	*-*	*-2,961*	*-3,577*

BALANCE SHEET, GROUP

SEK thousand	Note	30 Sep 2018	31 Dec 2017
	1, 2, 3, 4, 5, 7, 9		
ASSETS			
Cash and balances with central banks		230,217	65,999
Treasury bills eligible for refinancing		150,292	60,096
Loans to credit institutions		1,219,509	1,062,294
Loans to the public	6	4,197,855	3,156,289
Shares		22,384	75,654
Goodwill		13,089	12,068
Intangible assets		33,121	29,369
Tangible assets		2,335	1,657
Other assets		14,361	12,194
Current tax assets		17,360	870
Deferred tax assets		20,977	9,864
Prepaid expenses and accrued income		24,857	8,196
TOTAL ASSETS		**5,946,357**	**4,494,550**
LIABILITIES AND EQUITY			
Liabilities			
Deposits and borrowings from the public		5,052,068	3,754,030
Other liabilities		32,573	33,557
Current tax liabilities		17,993	11,229
Deferred tax liabilities		7,728	7,579
Accrued expenses and prepaid income		70,577	49,569
Subordinated liabilities		98,385	97,780
Total liabilities		**5,279,324**	**3,953,744**
Equity			
Share capital (21,500,000 shares of SEK 5 each)		107,500	107,500
Other contributed capital		3,536	1,500
Reserves		4,181	-1,144
Retained earnings and net profit for the period		453,362	432,950
Total equity attributable to the shareholders of the Parent company		**568,579**	**540,806**
Tier 1 capital instrument		98,454	-
Total equity attributable to the owners of the Parent company		**667,033**	**540,806**
Non-controlling interests		-	-
Total equity		**667,033**	**540,806**
TOTAL LIABILITIES AND EQUITY		**5,946,357**	**4,494,550**

STATEMENT OF CHANGES IN EQUITY, GROUP

SEK thousand	Share capital	Other contributed capital	Reserves	Retained earnings and net profit for the period	Tier 1 capital instrument	Non-controlling interests	Total equity
Balance as at 1 Jan 2017	**107,500**	**1,934**	**1,486**	**345,932**	**-**	**12,435**	**469,287**
Net profit for the period	-	-	-	151,459	-	-3,623	147,836
Gross fair value gains/losses on available for sale financial assets	-	-	22	-	-	-	22
Gross currency translation differences	-	-	-1,327	-	-	46	-1,281
Tax on currency translation differences during the period	-	-	-1,325	-	-	-	-1,325
Total comprehensive income for the period, net of tax	**-**	**-**	**-2,630**	**151,459**	**-**	**-3,577**	**145,252**
Shareholders' contribution	-	-	-	-	-	6,860	6,860
Dividend	-	-	-	-47,300	-	-	-47,300
Acquisition of minority interest	-	-	-	-14,282	-	-15,718	-30,000
Transaction costs related to the acquisition of minority interest	-	-	-	-1,085	-	-	-1,085
Share-based compensation	-	-434	-	-1,774	-	-	-2,208
Balance as at 31 Dec 2017	**107,500**	**1,500**	**-1,144**	**432,950**	**-**	**-**	**540,806**
Transition effect for the implementation of IFRS 9	-	-	-	-55,415	-	-	-55,415
Balance as at 1 Jan 2018	**107,500**	**1,500**	**-1,144**	**377,535**	**-**	**-**	**485,391**
Net profit for the period	-	-	-	126,828	-	-	126,828
Gross currency translation differences	-	-	1,194	-	-	-	1,194
Tax on currency translation differences during the period	-	-	4,131	-	-	-	4,131
Total comprehensive income for the period, net of tax	**-**	**-**	**5,325**	**126,828**	**-**	**-**	**132,153**
Dividend	-	-	-	-48,375	-	-	-48,375
Issue of Tier 1 capital	-	-	-	-	100,000	-	100,000
Transaction costs issue of Tier 1 capital	-	-	-	-	-1,982	-	-1,982
Tax effect transaction costs issue of Tier 1 capital	-	-	-	-	436	-	436
Interest Tier 1 capital	-	-	-	-2,062	-	-	-2,062
Share-based compensation	-	2,036	-	-564	-	-	1,472
Balance as at 30 Sep 2018	**107,500**	**3,536**	**4,181**	**453,362**	**98,454**	**-**	**667,033**

CASH FLOW STATEMENT, GROUP

SEK thousand	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
Operating activities			
Operating profit	164,938	142,814	192,938
Adjustment for items not included in cash flow			
Depreciation and amortisation of tangible and intangible assets	7,392	4,975	6,890
Accrued interest income and expense	-9,961	-3,642	1,256
Other non-cash items	-16,488	-329	-3,319
Paid income tax	-34,116	-35,680	-29,584
	111,765	**108,138**	**168,181**
Increase/decrease in loans to the public	-1,112,664	-461,020	-667,006
Increase/decrease in other short-term claims	28,964	-46,422	-76,863
Increase/decrease in deposits and borrowings from the public	1,298,038	1,227,997	1,469,385
Increase/decrease in other short-term liabilities	30,593	4,148	2,039
Cash flow from operating activities	**356,696**	**832,841**	**895,736**
Investing activities			
Investments in tangible assets	-1,553	-338	-942
Investments in intangible assets	-11,290	-9,151	-16,345
Investments in subsidiaries	-	-	-31,085
Cash flow from investing activities	**-12,843**	**-9,489**	**-48,372**
Financing activities			
Issue of Tier 1 capital	98,454	-	-
Interest Tier 1 capital	-2,062	-	-
Shareholder's contribution	-	6,860	6,860
Dividends paid	-48,375	-47,300	-47,300
Share-based remuneration	1,472	-2,208	-2,208
Cash flow from financing activities	**49,489**	**-42,648**	**-42,648**
Cash flow for the period	**393,342**	**780,704**	**804,716**
Cash and cash equivalents at the beginning of period	1,188,389	380,873	380,873
Currency difference in cash and cash equivalents	18,287	-	2,800
Cash and cash equivalents at the end of period	**1,600,018**	**1,161,577**	**1,188,389**
Cash flow from operating activities includes interest expenses paid and interest payments received			
Interest expenses paid	70,925	33,620	61,831
Interest payments received	459,908	254,041	530,441
Composition cash and cash equivalents			
Cash and balances with central banks	230,217	61,823	65,999
Treasury bills eligible for refinancing	150,292	120,229	60,096
Loans to credit institutions	1,219,509	979,525	1,062,294
Total cash and cash equivalents	**1,600,018**	**1,161,577**	**1,188,389**

NOTES

NOTE 1 General information

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

Shareholder	%
TFB Holding AB	49.12
Erik Selin Fastigheter AB	11.63
Merizole Holding LTD	7.01
Danica Pension Försäkrings AB	6.98
Proventus Aktiebolag	3.00
Swedbank Robur fonder	2.95
Pareto Nordic Return	1.68
Brown Brothers Harriman & Co	1.41
Skandia fonder	1.32
Clearstream Banking S.A	1.22
Other shareholders	13.68
Total	**100.00**

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

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

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

NOTE 2 Credit risk

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

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

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

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

The Group's credit approval process has high standards regarding ethics, quality and control. Despite credit risk being the largest risk exposure for the Group, the provision for loan losses is small in proportion to the outstanding loan volume (see note 6). The reason is that the Group regularly sells overdue loans to debt collection agencies when the Board of Directors considers the price level to be favourable compared to keeping the overdue 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 overdue loans. The remaining portfolio has a limited number of non-performing loans (stage 3) and consequently relatively low level of provisions.

Note 2 cont.

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

The Group's loans to the public consists primarily of unsecured consumer loans. As a result the Group does not list credit risk exposures in a separate table, as there are limited assets pledged as security, while at the same time the size of the reserves in relation to the credit volume is low.

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

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 2018	31 Dec 2017
Cash and balances with central banks		
AAA	86,876	-
AA+	135,403	60,873
BBB+	7,937	5,127
Treasury bills eligible for refinancing		
AAA	150,292	60,096
Loans to credit institutions		
A-1+	326,001	299,297
A-1	879,875	745,606
A-2	10,008	17,327
Unrated	3,625	64
Other assets		
A-1+	1,320	2,464
A-1	22,112	75,404
Unrated	12,417	9,463
Total	**1,635,866**	**1,275,721**

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

Note 2 cont.

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

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

The provision for non-performing loans (stage 3) is made with the difference between the asset's carrying amount and the present value of future cash flows, discounted by the original borrowing rate. The expected future cash flow is based on calculations that take into account historical repayment rates applied to each generation of non-performing loans.

Loans sold are written off against the reserve for losses and the difference between the current value of the asset and the present value is reported as a recognised loan loss. Non-performing loans (stage 3) are reported as reported loan losses when they are reported by the debt collection agency for long-term monitoring, the customer is found to be deceased or another loss event has been identified. Amounts received from previously identified loan losses are recognised in the income statement.

NET LOAN LOSSES

Group **SEK thousand**	**Jul-Sep 2018**	Jul-Sep 2017	**Jan-Sep 2018**	Jan-Sep 2017	Jan-Dec 2017
Change in provision for sold non-performing loans	-27,555	-22,218	-81,549	-76,712	-103,967
Realised loan losses	-9,054	-12,452	-28,216	-25,185	-32,894
Recovered from previous write-offs	3,402	2,833	6,595	5,885	7,741
Change in provision for other expected loan losses	-	-1,022	-	1,006	-223
Change in provision for expected loan losses, stage 1-3	-2,511	-	-6,180	-	-
Net loan losses	**-35,718**	**-32,859**	**-109,350**	**-95,006**	**-129,343**

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

NOTE 3 Operating segments

The CEO has the ultimate responsibility for the decisions being taken by the Group. Management has defined the operating segments based on the information determined by the CEO and used as a basis for decisions on the allocation of resources and evaluation of results. The Board of Directors evaluates the operating segments' performance based on their operating profits.

CONSUMER LENDING (formerly Direct to Consumer)

Income statement, SEK thousand	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
Net interest income	118,105	98,009	335,012	292,983	395,027
Net fee and commission income	5,960	5,255	18,443	16,228	22,103
Net results from financial transactions	443	810	1,755	267	79
Total operating income	**124,508**	**104,074**	**355,210**	**309,478**	**417,209**
General administrative expenses	-35,470	-27,938	-101,479	-84,460	-112,028
Depreciation and amortisation of tangible and intangible assets	-1,313	-1,120	-3,825	-3,292	-4,442
Other operating expenses	-3,269	-2,198	-8,737	-7,659	-10,314
Total operating expenses	**-40,052**	**-31,256**	**-114,041**	**-95,411**	**-126,784**
Profit before loan losses	**84,456**	**72,818**	**241,169**	**214,067**	**290,425**
Net loan losses	-27,918	-25,443	-81,946	-76,293	-103,048
Operating profit	**56,538**	**47,375**	**159,223**	**137,774**	**187,377**
Attributable to:					
The shareholders of the Parent company	*54,904*	*47,375*	*157,589*	*137,774*	*187,377*
Additional tier 1 capital holders	*1,634*	-	*1,634*	-	-
Non-controlling interests	-	-	-	-	-

Balance sheet, SEK thousand	30 Sep 2018	1 Jan 2018	31 Dec 2017
Loans to the public			
Household sector	3,327,535	2,501,218	2,560,945
Corporate sector	-	-	-
Total loans to the public	**3,327,535**	**2,501,218**	**2,560,945**
Household sector			
Stage 1, net	3,162,475	2,338,288	
Stage 2, net	117,607	110,517	
Stage 3, net	47,453	52,413	
Total household sector	**3,327,535**	**2,501,218**	

Note 3 cont.

ECOMMERCE SOLUTIONS (formerly Sales Finance)

Income statement, SEK thousand	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
Net interest income	30,787	21,147	81,237	52,754	73,614
Net fee and commission income	6,319	5,014	18,761	15,424	20,733
Net results from financial transactions	110	75	214	-32	14
Total operating income	**37,216**	**26,236**	**100,212**	**68,146**	**94,361**
General administrative expenses	-20,583	-12,710	-61,566	-40,187	-57,020
Depreciation and amortisation of tangible and intangible assets	-1,244	-605	-3,567	-1,683	-2,448
Other operating expenses	-1,114	-1,344	-1,960	-2,523	-3,037
Total operating expenses	**-22,941**	**-14,659**	**-67,093**	**-44,393**	**-62,505**
Profit before loan losses	**14,275**	**11,577**	**33,119**	**23,753**	**31,856**
Net loan losses	-7,800	-7,416	-27,404	-18,713	-26,295
Operating profit	**6,475**	**4,161**	**5,715**	**5,040**	**5,561**
Attributable to:					
The shareholders of the Parent company	*6,047*	*5,430*	*5,287*	*8,858*	*10,242*
Additional tier 1 capital holders	*428*	-	*428*	-	-
Non-controlling interests	-	*-1,269*	-	*-3,818*	*-4,681*

Balance sheet, SEK thousand	30 Sep 2018	1 Jan 2018	31 Dec 2017
Loans to the public			
Household sector	870,320	583,973	595,344
Corporate sector	-	-	-
Total loans to the public	**870,320**	**583,973**	**595,344**
Household sector			
Stage 1, net	801,758	531,130	
Stage 2, net	55,560	39,054	
Stage 3, net	13,002	13,789	
Total household sector	**870,320**	**583,973**	

GROUP

Income statement, SEK thousand	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
Operating income					
Operating income, Consumer Lending	124,508	104,074	355,210	309,478	417,209
Operating income, Ecommerce Solutions	37,216	26,236	100,212	68,146	94,361
Total operating income for the Group	**161,724**	**130,310**	**455,422**	**377,624**	**511,570**
Operating profit					
Operating profit, Consumer Lending	56,538	47,375	159,223	137,774	187,377
Operating profit, Ecommerce Solutions	6,475	4,161	5,715	5,040	5,561
Total operating profit for the Group	**63,013**	**51,536**	**164,938**	**142,814**	**192,938**

Balance sheet, SEK thousand	30 Sep 2018	31 Dec 2017
Loans to the public		
Loans to the public, Consumer Lending	3,327,535	2,560,945
Loans to the public, Ecommerce Solutions	870,320	595,344
Total loans to the public for the Group	**4,197,855**	**3,156,289**

NOTE 4 Classification of financial assets and liabilities

Group 30 Sep 2018 SEK thousand	Financial instruments at fair value through profit or loss		Fair value through comprehen-sive income	Accrued acquisition value	Derivatives used for hedging	Non-financial assets and liabilities	Total
	Com-pulsory	*Initially measured at fair value through profit or loss*					
Assets							
Cash and balances with central banks	-	-	-	230,217	-	-	230,217
Treasury bills eligible for refinancing	-	-	150,292	-	-	-	150,292
Loans to credit institutions	-	-	-	1,219,509	-	-	1,219,509
Loans to the public	-	-	-	4,197,855	-	-	4,197,855
Shares	-	-	22,384	-	-	-	22,384
Goodwill	-	-	-	-	-	13,089	13,089
Intangible assets	-	-	-	-	-	33,121	33,121
Tangible assets	-	-	-	-	-	2,335	2,335
Current tax assets	-	-	-	-	-	17,360	17,360
Deferred tax assets	-	-	-	-	-	20,977	20,977
Prepaid expenses and accrued income	-	-	-	-	-	24,857	24,857
Derivatives	1,411	-	-	-	693	-	2,104
Other assets	-	-	-	-	-	12,257	12,257
Total assets	**1,411**	**-**	**172,676**	**5,647,581**	**693**	**123,996**	**5,946,357**
Liabilities							
Deposits and borrowings from the public	-	-	-	5,052,068	-	-	5,052,068
Current tax liabilities	-	-	-	-	-	17,993	17,993
Deferred tax liabilities	-	-	-	-	-	7,728	7,728
Accrued expenses and prepaid income	-	-	-	-	-	70,577	70,577
Subordinated liabilities	-	-	-	98,385	-	-	98,385
Derivatives	15	-	-	-	15	-	30
Other liabilities	-	-	-	-	-	32,543	32,543
Total liabilities	**15**	**-**	**-**	**5,150,453**	**15**	**128,841**	**5,279,324**

Note 4 cont.

Group 31 Dec 2017 SEK thousand	Financial instruments at fair value through profit or loss		Available for sale financial assets	Loans and receivables	Derivatives used for hedging	Other financial assets/ liabilities	Total
	Held for trading	*Designated at initial recognition*					
Assets							
Cash and balances with central banks	-	-	-	65,999	-	-	65,999
Treasury bills eligible for refinancing	-	-	60,096	-	-	-	60,096
Loans to credit institutions	-	-	-	1,062,294	-	-	1,062,294
Loans to the public	-	-	-	3,156,289	-	-	3,156,289
Shares	-	-	75,654	-	-	-	75,654
Derivatives	2,321	-	-	-	143	-	2,464
Total assets	**2,321**	**-**	**135,750**	**4,284,582**	**143**	**-**	**4,422,796**
Liabilities							
Deposits from the public	-	-	-	-	-	3,754,030	3,754,030
Subordinated liabilities	-	-	-	-	-	97,780	97,780
Derivatives	1,854	-	-	-	-	-	1,854
Total liabilities	**1,854**	**-**	**-**	**-**	**-**	**3,851,810**	**3,853,664**

NOTE 5 Financial assets and liabilities measured at fair value

Fair value
Disclosures are required on fair value measurement by level in fair value hierarchy for financial instruments measured at fair value in the balance sheet:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Data other than quoted market prices included in Level 1 that are observable for the assets or liabilities, either directly, i.e. in the form of quoted prices, or indirectly, i.e. derived from quoted prices (Level 2).
- Data for the assets or liabilities which are not based on observable market data (non-observable inputs) (Level 3).

The Group also provides information regarding the fair value of certain assets for information purposes.

Note 5 cont.

Group, 30 Sep 2018 SEK thousand	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills eligible for refinancing	150,292	-	-	150,292
Shares	22,112	272	-	22,384
Derivatives	-	2,104	-	2,104
Total assets	**172,404**	**2,376**	**-**	**174,780**
Liabilities				
Subordinated Tier 2 loans	98,385	-	-	98,385
Derivatives	-	30	-	30
Total liabilities	**98,385**	**30**	**-**	**98,415**

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

Financial instruments in Level 2
The fair value of financial instruments not traded in an active market (e.g. OTC derivatives) is determined using various valuation techniques. These valuation techniques use observable market data where available and rely as little as possible on entity specific estimates. An instrument is classified as Level 2 if all significant inputs required to value an instrument are observable.

An instrument is classified as Level 3 in cases where one or more of the significant inputs are not based on observable market data.

Specific valuation techniques used to value financial instruments include:

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

For loans to the public the fair value is based on the discounted cash flows using an interest rate based on the market interest rate at the balance sheet date, which was 18.47 % as at 30 September 2018 and 20.21 % as at 31 December 2017.

Note 5 cont.

Group, 30 Sep 2018 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/Fair value loss (-)
Assets			
Cash and balances with central banks	230,217	230,217	-
Treasury bills eligible for refinancing	150,292	150,292	-
Loans to credit institutions	1,219,509	1,219,509	-
Loans to the public	4,197,855	4,197,855	-
Shares	22,384	22,384	-
Derivatives	2,104	2,104	-
Total assets	**5,822,361**	**5,822,361**	**-**
Liabilities			
Deposits and borrowings from the public	5,052,068	5,052,068	-
Subordinated liabilities	98,385	98,385	-
Derivatives	30	30	-
Total liabilities	**5,150,483**	**5,150,483**	**-**

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

NOTE 6 Loans to the public

Group SEK thousand	30 Sep 2018	1 Jan 2018	31 Dec 2017
Loans to the household sector	4,197,855	3,085,191	3,156,289
Loans to the corporate sector	-	-	-
Total loans to the public	**4,197,855**	**3,085,191**	**3,156,289**
Loans to the household sector, gross			
Stage 1, gross	4,033,174	2,933,375	
Stage 2, gross	192,865	167,448	
Stage 3, gross [1]	113,526	115,912	
Total loans to the household sector, gross	**4,339,565**	**3,216,735**	**3,216,735**
Provisions for expected loan losses			
Stage 1	-68,941	-63,957	
Stage 2	-19,698	-17,877	
Stage 3 [1]	-53,071	-49,710	
Provisions according to IAS 39	-	-	-60,446
Total provisions for expected loan losses	**-141,710**	**-131,544**	**-60,446**
Loans to the household sector, net			
Stage 1, net	3,964,233	2,869,418	
Stage 2, net	173,167	149,571	
Stage 3, net [1]	60,455	66,202	
Total loans to the household sector, net	**4,197,855**	**3,085,191**	**3,156,289**
Geographic distribution of net loans			
Norway	1,354,564		899,992
Finland	1,122,040		910,546
Sweden	631,948		625,917
Estonia	497,532		338,031
Poland	343,268		280,738
Latvia	203,792		62,351
Denmark	39,523		38,714
Lithuania	5,188		-
Total loans, net book value	**4,197,855**		**3,156,289**

[1] TF Bank continously sell delinquent loans before they reach stage 3.

CHANGE IN PROVISION FOR ACTUAL AND EXPECTED LOAN LOSSES

Group SEK thousand	30 Sep 2018	31 Dec 2017
Opening balance according to IAS 39	-60,446	-57,607
Transition effect when implementing IFRS 9	-71,098	-
Opening balance according to IFRS 9	**-131,544**	**-57,607**
Change in provision for sold non-performing loans	-81,549	-106,500
Reversal of provision for sold non-performing loans	81,549	106,500
Change in provision for expected loan losses in stage 1	-3,052	
Change in provision for expected loan losses in stage 2	-846	
Change in provision for expected loan losses in stage 3	-2,282	
Change in provision for other expected loan losses	-	-223
Exchange rate differences	-3,986	-2,616
Closing balance	**-141,710**	**-60,446**

NOTE 7 Capital adequacy analysis

Background

Information about the Group's capital adequacy includes information in accordance with chapter 6, 3-4 §§, Swedish FSA's regulations (FFFS 2008:25) on annual accounts of credit institutions and securities companies and related information contained in articles 92(3)(d, f) 436(b) and 438 of the Regulation (EU) No 575/2013, chapter 8, 7 §, of the Swedish FSA's regulations and general guidelines on regulatory requirements and capital buffers (FFFS 2014:12) and column A of Annex 6 of the Commission Implementing Regulation (EU) No 1423/2013. Other information required by FFFS 2014:12 and Regulation (EU) No 575/2013 is provided on the bank's website www.tfbankgroup.com.

TF Bank is the responsible institution which is under the supervision of the Swedish FSA. As a result, the company is covered by the rules governing credit institutions in Sweden. TF Bank AB listed on the stock exchange in 2016, which means that the stock exchange rules are also applicable.

Own funds and capital requirements

The Group and Parent company's statutory capital requirements is governed by the Swedish Special Supervision of Credit Institutions and Investment Firms Act (2014:968), Regulation (EU) No 575/2013, regulation on capital buffers (2014:966) and the Swedish FSA's regulations and general recommendations on regulatory requirements and capital buffers (FFFS 2014:12).

The purpose of the regulations is to ensure that the Group and Parent company manage their risks and protect its customers. The regulations state that the own funds must cover the capital requirements including the minimum capital requirements according to Pillar 1 and applicable buffer requirements.

The bank reports to the Swedish FSA both on an individual basis for TF Bank AB and on a consolidated basis with TF Bank AB as the Parent company.

THE GROUP'S CAPITAL SITUATION

SEK thousand	30 Sep 2018	31 Dec 2017
Common Equity Tier 1 (CET1) capital after deductions	522,935	441,131
Additional Tier 1 (AT1) capital after deductions	98,454	-
Tier 2 capital after deductions	98,385	97,780
Own funds	**719,774**	**538,911**
Risk exposure amount	4,141,459	3,336,472
- *of which:* credit risk	3,469,507	2,623,365
- *of which:* credit valuation adjustment	1,761	1,999
- *of which:* market risk	-	40,917
- *of which:* operational risk	670,191	670,191
CET1 capital ratio, %	12.63	13.22
Tier 1 capital ratio, %	15.00	13.22
Total capital ratio, %	17.38	16.15
Total CET1 capital requirement incl. of capital buffer requirements	331,317	268,586
- *of which:* capital conservation buffer	103,536	83,412
- *of which:* countercyclical capital buffer	41,415	35,033
CET1 capital available to use as buffer [1]	336,569	290,990

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

Note 7 cont.

OWN FUNDS

SEK thousand	30 Sep 2018	31 Dec 2017
CET1 capital		
Share capital	107,500	107,500
Other contributed capital	3,536	1,500
Reserves	4,181	-1,144
Retained earnings and net profit for the period	453,362	432,950
Adjustments to CET1 capital:		
- Deduction of foreseeable costs and dividends [1]	-40,585	-48,374
- Transitional arrangement IFRS 9	55,532	-
- Intangible assets	-46,209	-41,437
- Deferred tax assets that rely on future profitability	-14,382	-9,864
Total CET1 capital	522,935	441,131
Additional Tier 1 capital		
Perpetual subordinated loan	98,454	-
Tier 2 capital		
Dated subordinated loan	98,385	97,780
Own funds	**719,774**	**538,911**

[1] Deduction of dividends from own funds have been made in accordance with the Board of Directors' proposal to the Annual General Meeting and the dividend policy.

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

Note 7 cont.

SPECIFICATION RISK EXPOSURE AMOUNTS

SEK thousand	30 Sep 2018	31 Dec 2017
Credit risk under the standardised approach		
Exposures to corporates	384	391
Retail exposures	3,116,227	2,321,723
Exposures secured by mortgage	322	319
Exposures in default	65,913	62,183
Exposures to institutions with a short-term credit assessment	250,606	221,077
Equity exposures	272	251
Other items	35,783	17,421
Total risk-weighted exposure amount	**3,469,507**	**2,623,365**
Credit valuation adjustment		
Standardised method	1,761	1,999
Total risk exposure amount	**1,761**	**1,999**
Market risk[1]		
Foreign exchange risk	-	40,917
Total risk exposure amount	**-**	**40,917**
Operational risk		
Standardised approach	670,191	670,191
Total risk exposure amount	**670,191**	**670,191**
Total risk exposure amount	**4,141,459**	**3,336,472**

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

IFRS 9 Transitional arrangements

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

NOTE 8 Assets pledged as security

Group SEK thousand	30 Sep 2018	31 Dec 2017
Group liabilities		
Relating to borrowing from credit institutions		
Loans	32,574	30,033
Liquid assets used as collateral for derivatives with negative market value	30,000	30,850
Other assets	596	299
Total	**63,170**	**61,182**

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

NOTE 9 Transactions with related parties

Consortio Fashion Holding AB (CFH), corporate identity number 556925-2819, has largely the same owners as TF Bank's largest owner TFB Holding AB, corporate identity number 556705-2997. Transactions with other related parties, as shown in the table below, refer to transactions between TF Bank and the companies that are part of the CFH Group. All transactions are priced at market.

Group SEK thousand	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
The following transactions have been made with related companies within the Group:					
General administrative expenses	-162	-20	-496	-274	-307
Total	**-162**	**-20**	**-496**	**-274**	**-307**
The following transactions have been made with other related parties:					
Interest income (transaction costs)	-15,289	-15,533	-47,760	-50,872	-66,650
General administrative expenses	-1,155	-1,393	-3,462	-4,218	-5,458
Total	**-16,444**	**-16,926**	**-51,222**	**-55,090**	**-72,108**
Acquisition of assets and liabilities from other related parties:					
Ecommerce Solutions	150,864	145,414	513,556	504,209	660,628
Total	**150,864**	**145,414**	**513,556**	**504,209**	**660,628**

Group SEK thousand	30 Sep 2018	31 Dec 2017
Assets at the end of the period as a result of transactions with other related parties:		
Other assets	387	392
Total	**387**	**392**
Liabilities at the end of the period as a result of transactions with other related parties:		
Other liabilities	3,789	2,115
Total	**3,789**	**2,115**

PARENT COMPANY

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

The parent company's operating income for the period January - September 2018 amounted to SEK 336.1 million (324.2). Net income from financial transactions affects operating income by SEK -15.1 million (3.3), which is related to currency differences on shares in foreign subsidiaries, which are not translated at current exchange rates.

The company's total operating expenses amounted to SEK 124.5 million (105.4) for the period and loan losses amounted to SEK 89.9 million (91.0). Operating profit amounted to SEK 121.6 million (127.8) during the period January - September 2018.

Lending to the public increased by 25.2 % to SEK 2,821 million (2,253) during the first nine months of the year. The amount includes lending to Avarda of SEK 169 million (33). Deposits from the public amounted to SEK 3,958 million (3,017) at the end of the period.

Lending to credit institutions increased during the period and amounted to SEK 1,207 million (1,047) at the end of the period. Included in this amount is loans to the subsidiary BB Bank of SEK 65 million (50).

Shares in Group companies increased by SEK 102 million during the period and amounted to SEK 353 million at the end of the quarter. The increase is explained by shareholders' contribution to Avarda (SEK 60 million) and new share issues in BB Bank (SEK 42 million).

The company's capital adequacy ratio remains stable, with a CET1 of 15.0 % (16.9) and a Tier 1 capital ratio of 17.9 % (16.9) as at 30 September 2018. The total capital ratio at the end of the period was 20.7 % (20.4), which is significantly higher than the statutory requirement.

INCOME STATEMENT, PARENT COMPANY

SEK thousand	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
Operating income					
Interest income	130,456	114,286	372,053	342,856	458,380
Interest expense	-15,857	-15,700	-44,884	-46,782	-60,158
Net interest income	**114,599**	**98,586**	**327,169**	**296,074**	**398,222**
Fee and commission income	8,781	8,940	27,058	27,842	36,701
Fee and commission expense	-1,274	-970	-3,029	-3,011	-3,960
Net fee and commission income	**7,507**	**7,970**	**24,029**	**24,831**	**32,741**
Net results from financial transactions	4,092	-394	-15,118	3,277	6,605
Total operating income	**126,198**	**106,162**	**336,080**	**324,182**	**437,568**
Operating expenses					
General administrative expenses	-37,886	-29,909	-110,995	-94,028	-124,774
Depreciation and amortisation of tangible and intangible assets	-1,426	-1,280	-4,251	-3,715	-5,030
Other operating expenses	-3,663	-2,197	-9,293	-7,643	-10,373
Total operating expenses	**-42,975**	**-33,386**	**-124,539**	**-105,386**	**-140,177**
Profit before loan losses	**83,223**	**72,776**	**211,541**	**218,796**	**297,391**
Net loan losses	-30,469	-31,683	-89,923	-90,967	-121,579
Operating profit	**52,754**	**41,093**	**121,618**	**127,829**	**175,812**
Appropriations	-	-	-	-	18,812
Income tax expense	-12,226	-9,599	-27,767	-29,362	-44,251
Net profit for the period	**40,528**	**31,494**	**93,851**	**98,467**	**150,373**

STATEMENT OF COMPREHENSIVE INCOME, PARENT COMPANY

SEK thousand	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
Net profit for the period	**40,528**	**31,494**	**93,851**	**98,467**	**150,373**
Other comprehensive income					
Items that may be reclassified subsequently to the income statement					
Currency translation differences during the period, net of tax	-	-	-	-	-
Other comprehensive income, net of tax	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**40,528**	**31,494**	**93,851**	**98,467**	**150,373**

BALANCE SHEET, PARENT COMPANY

SEK thousand	30 Sep 2018	31 Dec 2017
ASSETS		
Cash and balances with central banks	143,341	65,999
Treasury bills eligible for refinancing	150,292	60,096
Loans to credit institutions	1,207,237	1,046,773
Loans to the public	2,820,621	2,252,638
Shares	22,112	20,295
Shares in group companies	352,971	250,705
Intangible assets	17,045	19,371
Tangible assets	1,510	1,269
Other assets	6,575	6,099
Current tax assets	17,835	1,584
Deferred tax assets	5,617	-
Prepaid expenses and accrued income	20,544	4,334
TOTAL ASSETS	**4,765,700**	**3,729,163**
LIABILITIES AND EQUITY		
Liabilities		
Deposits and borrowings from the public	3,957,962	3,017,287
Other liabilities	14,417	25,346
Deferred tax liabilities	284	96
Accrued expenses and prepaid income	55,981	40,396
Subordinated liabilities	98,385	97,780
Total liabilities	**4,127,029**	**3,180,905**
Untaxed reserves	33,809	33,809
Equity		
Restricted equity		
Share capital (21,500,000 shares of SEK 5 each)	107,500	107,500
Statutory reserve	1,000	1,000
Development costs fund	14,005	14,739
Other contributed capital	3,536	1,500
Total restricted equity	**126,041**	**124,739**
Non-restricted equity		
Tier 1 capital instrument	98,454	-
Retained earnings	286,516	239,337
Total comprehensive income for the period	93,851	150,373
Total non-restricted equity	**478,821**	**389,710**
Total equity	**604,862**	**514,449**
TOTAL LIABILITIES AND EQUITY	**4,765,700**	**3,729,163**

CAPITAL ADEQUACY ANALYSIS, PARENT COMPANY

SEK thousand	30 Sep 2018	31 Dec 2017
Common Equity Tier 1 (CET1) capital after deductions	525,429	473,075
Additional Tier 1 (AT1) capital after deductions	98,454	-
Tier 2 capital after deductions	98,385	97,780
Own funds	**722,268**	**570,855**
Risk exposure amount	3,491,630	2,792,858
- *of which:* credit risk	2,804,490	2,184,158
- *of which:* credit valuation adjustment	1,409	1,876
- *of which:* market risk	78,907	-
- *of which:* operational risk	606,824	606,824
CET1 capital ratio, %	15.05	16.94
Tier 1 capital ratio, %	17.87	16.94
Total capital ratio, %	20.69	20.44
Total CET1 capital requirement inclusive of capital buffer requirements	275,140	220,356
- *of which:* capital conservation buffer	87,291	69,821
- *of which:* countercyclical capital buffer	30,726	24,856
CET1 capital available to use as buffer [1]	368,306	347,396

[1] CET1 capital less the minimum requirement of 4.5 % excluding buffer requirements. There is an additional total capital requirement of 3.4%.

OWN FUNDS

SEK thousand	30 Sep 2018	31 Dec 2017
CET1 capital		
Share capital	107,500	107,500
Other reserves	41,376	42,110
Other contributed capital	3,536	1,500
Retained earnings including the net profit for the period	380,367	389,710
Adjustment to CET1 capital:		
- Deduction of foreseable costs and dividends [1]	-40,585	-48,374
- Transitional arrangement IFRS 9	50,280	-
- Intangible assets	-17,045	-19,371
Total CET1 capital	525,429	473,075
Additional Tier 1 capital		
Perpetual subordinated loan	98,454	-
Tier 2 capital		
Dated subordinated loan	98,385	97,780
Own funds	**722,268**	**570,855**

[1] Deduction of dividends from own funds have been made in accordance with the Board of Directors' proposal to the Annual General Meeting and the dividend policy.

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

SPECIFICATION RISK EXPOSURE AMOUNTS

SEK thousand	30 Sep 2018	31 Dec 2017
Credit risk under the standardised approach		
Exposures to institutions	13,053	10,032
Exposures to corporates	169,174	34,084
Retail exposures	1,968,936	1,636,995
Exposures in default	43,057	37,474
Exposures to institutions with a short-term credit assessment	233,238	207,787
Equity exposures	352,971	250,705
Other items	24,061	7,081
Total risk-weighted exposure amount	**2,804,490**	**2,184,158**
Credit valuation adjustment		
Standardised method	1,409	1,876
Total risk exposure amount	**1,409**	**1,876**
Market risk [1]		
Foreign exchange risk	78,907	-
Total risk exposure amount	**78,907**	**-**
Operational risk		
Standardised approach	606,824	606,824
Total risk exposure amount	**606,824**	**606,824**
Total risk exposure amount	**3,491,630**	**2,792,858**

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

BOARD OF DIRECTORS AND CEO AFFIRMATION

The 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, 24 October 2018

Mari Thjømøe
Chairman

John Brehmer

Bertil Larsson

Charlotta Björnberg-Paul

Tone Bjørnov

Mattias Carlsson
President and CEO

REPORT OF REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the condensed interim financial infornation (interim report) of TF Bank AB (publ) as at 30 September 2018 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 an 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, 25 October 2018
PricewaterhouseCoopers AB

Martin By
Authorised Public Accountant
Auditor-in-charge

Frida Thorsell
Authorised Public Accountant

DEFINITIONS

TF Bank uses Alternative Performance Measures that are not defined in the applicable accounting framework (IFRS). The Alternative Performance Measures are used to increase the understanding of the bank's economic development among the users of the financial statements. Alternative Performance Measures may be calculated in different ways and don't need to be exactly comparable to similar key ratios used by other companies. TF Bank defines the Alternative Performance Measures as shown below.

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 Ecommerce Solutions the volume is reduced by product returns.

EARNINGS PER SHARE
Net profit for the period attributable to the shareholders of the parent company divided by 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 loans to the public. 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 attributable to the shareholders of the parent company as a percentage of total equity attributable to the shareholders of the parent company. Rolling 12 months.

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

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

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

FINANCIAL CALENDAR AND CONTACTS

FINANCIAL CALENDAR

7 February 2019	Year-end report 2018
22 March 2019	Annual report 2018 is published
25 April 2019	Interim report January - March 2019
7 May 2019	Annual General Meeting 2019
16 July 2019	Interim report January - June 2019
24 October 2019	Interim report January - September 2019

This is information which TF Bank is required to disclose under the EU Market Abuse Regulation and the Securities Market Act. The information was provided for publication 25 October 2018 at 07:00 CET.

PRESENTATION FOR INVESTORS, ANALYSTS AND MEDIA

A live conference call will be held on 25 October at 08.15 CET, where CEO Mattias Carlsson and CFO Mikael Meomuttel will present the report and answer questions. The presentation material is written in English while the conference call will be held in Swedish. To participate call +46 (0)8 5664 2662 or +44 (0)20 3364 5373. For international investors, there is the possibility to ask questions in English during the Q&A session.
A recording of the conference call, including the presentation material, will be available on the bank's website, www.tfbankgroup.com/en/section/investor-relations.

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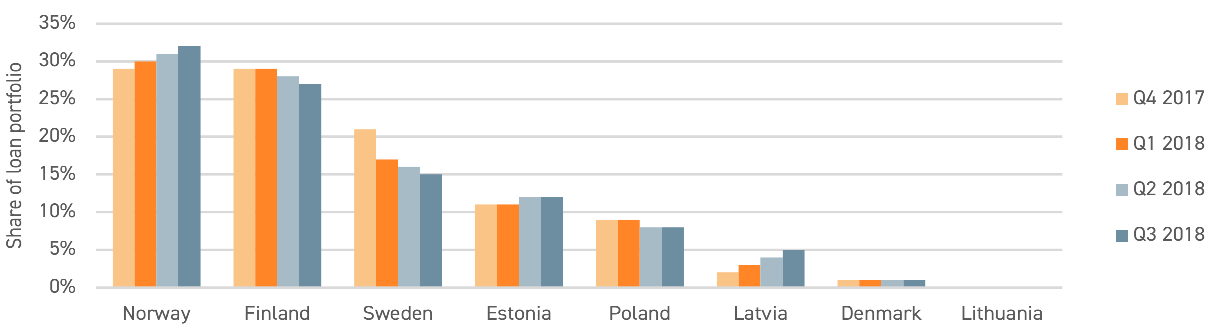
TF BANK'S GEOGRAPHICAL PRESENCE

SHARE OF LOAN PORTFOLIO BY COUNTRY AND QUARTER



TFBank

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