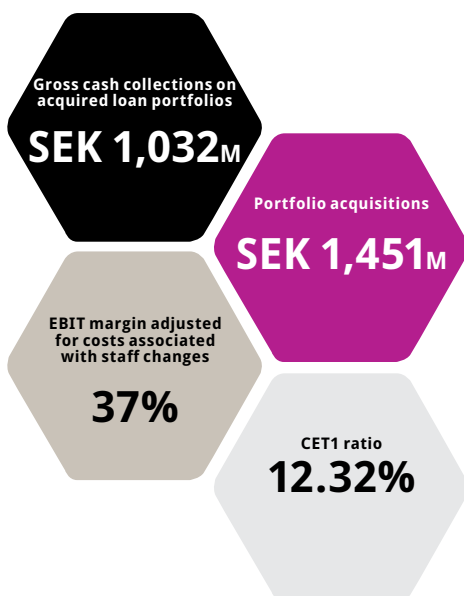


Year-end report 2015

Fourth quarter



October–December 2015 (year-on-year)

- Gross cash collections on acquired loan portfolios increased 38 per cent to SEK 1,032m (750)
- Total revenue increased 29 per cent to SEK 621m (480)
- Reported EBIT was SEK 211m (150) and the EBIT-margin was 34 per cent (31). When adjusted for costs associated with staff changes EBIT was SEK 228m (150) and the EBIT margin was 37 per cent.
- Profit before tax totalled SEK 132m (48)
- Portfolio acquisitions totalled SEK 1,451m (1,544)
- Basic earnings per share was SEK 1.32 (0.79)
Diluted earnings per share was SEK 1.29 (0.72)²⁾

Full year 2015 (year-on-year)

- The EBIT was SEK 675m (530) and the EBIT margin was 30 per cent (32)
- Portfolio acquisitions totalled SEK 4 370m (3 227)
- Carrying value of acquired loans increased 26 per cent to SEK 11,279m (8,921)³⁾
- Gross 120-month ERC (Estimated Remaining Collections) increased 24 per cent to SEK 19,367m (15,576)⁴⁾
- The total capital ratio improved to 15.21 per cent (12.17)
- The CET1 ratio was 12.32 per cent (9.35)
- Proposed dividend per share of SEK 0.75

SEK million	Quarter 4 2015	Quarter 4 2014	Change %	Full year 2015	Full year 2014	Change %
Gross cash collections on acquired loan portfolios	1,032	750	38	3,631	2,541	43
Net revenue from acquired loan portfolios	565	416	36	2,015	1,436	40
Total revenue	621	480	29	2,247	1,661	35
EBIT ¹⁾	211	150	41	675	530	27
EBIT margin, per cent	34	31	3 pp	30	32	-2 pp
Profit before tax	132	48	177	285	218	31
Net profit/loss	107	49	120	231	180	28
Basic earnings per share (SEK) ²⁾	1.32	0.79	67	2.90	3.07	-6
Diluted earnings per share (SEK) ²⁾	1.29	0.72	79	2.84	2.72	4
Portfolio acquisitions	1,451	1,544	-6	4,370	3,227	35

	31 Dec 2015	31 Dec 2014	Change %
Carrying value of acquired loans, SEK ³⁾	11,279	8,921	26
Gross 120-month ERC, SEK ⁴⁾	19,367	15,576	24
Return on equity, per cent	13	16	-3 pp
Total capital ratio, per cent	15.21	12.17	3 pp
CET1 ratio, per cent	12.32	9.35	3 pp
Liquidity ratio, per cent	41	50	-9 pp
Number of employees (FTEs)	1,443	1,077	34

1) Includes listing expenses totalling SEK 47m and costs associated with staff changes SEK 17m for the 2015 accounting period, which have a negative impact on EBIT.

2) Includes effect of 929,627 outstanding warrants. Following the share split 1:3 each warrant entitles the holder to subscribe for three new shares. Comparative figures were recalculated as regards the effects of the share split.

3) Including run-off consumer loan portfolio and portfolios held in joint venture.

4) Excluding run-off consumer loan portfolio and portfolios held in joint venture.

Hoist Finance AB (publ) (the "Company" or the "Parent") is the parent company of the Hoist Finance group of companies ("Hoist Finance"). The Company's wholly owned subsidiary, Hoist Kredit AB (publ) ("Hoist Kredit") is a regulated credit market company. Hence, Hoist Finance produces financial statements in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. In order to assess the operational performance of the debt purchasing and collection operations and to facilitate comparison with our competitors, Hoist Finance supplements its statutory financial statements with an operating income statement. The operating income statement is prepared based on the accounting and valuation principles used in the statutory financial statements, with no amendments or adjustments thereto.

The information in this year-end report has been published pursuant to the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. This information was submitted for publication on 10 February 2016 at 8:00 AM CET.

High acquisition rate and stable earnings



2015 was a very successful and a profitable year for Hoist Finance. All segments increased their revenues, and total acquisition volumes and earnings are the highest ever achieved. Several major portfolio acquisitions contributed to this positive performance.

A key milestone was achieved with Hoist Finance's listing on the NASDAQ Stockholm Mid Cap List on 25 March. The listing broadened our ownership base with a number of Swedish and international institutions, and the company received another external stamp of approval.

Strong earnings and several major portfolio acquisitions during Q4

Italy continued its profitable growth during the fourth quarter with a strong operating margin, while several significant Q4 acquisitions resulted in a record high acquisition rate.

Poland also finished the year with a high level of activity, concluding an important transaction with an international bank. The transaction involves the acquisition of loan portfolios and the takeover of employees. Hoist Finance will open a new office in Gdansk during the first six months of 2016 as a result of this transaction.

In the UK, the integration of debt purchasing company Compello Holdings Ltd. proceeded according to plan. Performance was stable in our other markets during the quarter.

Outlook for 2016

With stricter capital adequacy requirements, European banks will continue to have a great need to divest non-performing credit portfolios to generate return on investment capital. Return requirements cannot be achieved with large portfolios of non-performing loans on the balance sheet – which is the situation for many international banks. With these continued favourable market conditions, we are confident as we enter 2016. With Hoist Finance's strong financial position and geographic presence, we are well positioned to capitalise on the growth potential on the market in the years ahead.

For 2016, our goal is to grow in the same way that has been the foundation of our success so far. This is through a continued very disciplined portfolio acquisition approach, good cost control and a sustained high rate of acquisition. And we will continue to actively evaluate opportunities to enter new geographic markets in Europe.

We will also work to further strengthen our position to ensure that Hoist Finance is the leading partner of international banks and financial institutions in Europe.

Our target for 2016 remains to generate acquisition volumes in line with the previous three years.

Jörgen Olsson

CEO

Hoist Finance AB (publ)

Fourth quarter 2015

Unless otherwise specified, all market, financial and operational comparisons refer to the fourth quarter of 2014. The analysis below follows the operating income statement.

Revenue

Total revenue reached SEK 621m (480). Gross cash collections on acquired loan portfolios increased to SEK 1,032m (750) compared to fourth quarter last year, primarily due to the large portfolio acquisitions made in late 2014 and the acquisition of Compello Holding Ltd during third quarter 2015. Revenue growth remains strong due to the high level of acquisition activity. Portfolio acquisitions totalled SEK 1,451m (1,544) during the quarter, mainly attributable to significant portfolio acquisitions in Italy and the UK.

Portfolio amortisation and revaluation increased 38 per cent to SEK 469m (339). The increase is mainly attributable to an increased volume of acquired loan portfolios. Positive portfolio revaluations of SEK 5m are also included. In line with loan amortisation, interest income from the run-off consumer loan portfolio decreased during the period to SEK 2m (6). Net revenue from acquired loan portfolios consequently increased 36 per cent to SEK 565m (416).

Fee and commission income is unchanged at SEK 39m (39). The greater part of this income is attributable to the UK operations.

Profit from participation in the joint venture in Poland decreased 22 per cent to SEK 14m (18), as no further investments are being made within the scope of the joint venture.

Operating expenses

Personnel expenses increased 42 per cent to SEK 187m (132) and are charged with non-recurrent expenses of SEK 17m attributable to reorganisation activities. The remaining amount reflects the increase in the number of Group full-time employees (FTEs) due to business combinations. The average number of Group FTEs was 1,443 (1,077). The increase is attributable to the expansion of Hoist Finance's self-run collection platforms in Italy, Poland and the UK following the acquisition of collection platforms in those regions. Other operating expenses

increased 12 per cent during Q4 2015 to SEK 211m (188). The increase is mainly attributable to the acquisition of Compello Holding Ltd. and Kancelaria Navi Lex Sp.z.o.o. The remaining increase is a result of acquisitions and greater business volumes, with a higher share of legal collection expenses included.

Depreciation and amortisation of tangible and intangible assets totalled SEK 12m (10). The increase is attributable to production systems included in acquired companies and to continued investments in Group IT systems.

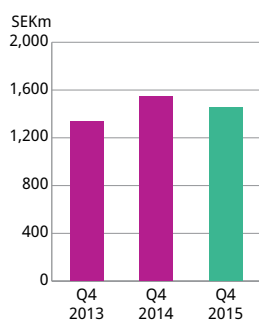
Financial items

Financial items as per the Company's segment reporting totalled SEK -79m (-102). Due to the low interest rate level, interest income (exclusive of run-off consumer loan portfolio) totalled SEK 0m (8).

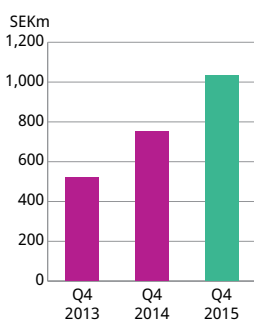
Interest expense totalled SEK 86m (93) and is mainly comprised of interest expense related to HoistSpar deposits and interest expenses for issued bonds. Interest expense for HoistSpar deposits decreased year-on-year to SEK 42m (53), mainly due to the decrease in interest rate levels despite higher volumes. The interest rates Hoist Finance offers are on a par with the prevailing market situation. Interest expenses for Company-issued bonds decreased to SEK 26m (31), attributable primarily to the repurchase of these bonds. Fees for the deposit guarantee scheme of SEK 5m (3) are also reported as interest expense.

Net income from financial transactions, including financing costs, totalled SEK 6m (-16), generated primarily from the hedging of currencies and interest rates via derivatives. Hoist Finance hedges interest rate risk on a continuous basis, currently in the short and medium term.

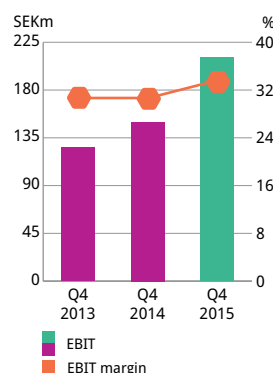
Portfolio acquisitions



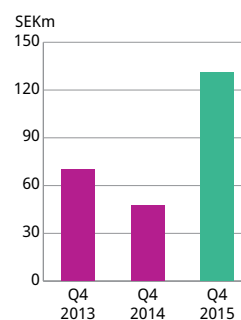
Gross cash collections



EBIT and EBIT margin



Profit before tax



Cash flow

SEKm	Quarter 4 2015	Quarter 4 2014	Full year 2015	Full year 2014
Cash flow from operating activities	-785	-25	-680	-758
Cash flow from investing activities	971	345	507	-782
Cash flow from financing activities	-41	846	501	1,222
Cash flow for the period	145	1,167	327	-318

Cash flow from operating activities totalled SEK -785m (-25). HoistSpar deposit volumes increased SEK 47m during the fourth quarter, attributable entirely to the inflow of non-fixed deposits. Cash flow from gross cash collections on acquired loan portfolios increased to SEK 1,032m (750) due to increased volume of loan portfolios. Portfolio acquisitions totalled SEK 1,133m (1,170).

Cash flow from investing activities totalled SEK 971m (345). The change is due to a reallocation of bonds and other securities in preparation for acquisitions conducted during the quarter.

Cash flow from financing activities totalled SEK -41m (846) and is attributable to a repurchase of issued bonds by Hoist Finance and to interest paid on additional Tier 1 capital instruments.

Total cash flow for the quarter totalled SEK 145m, as compared with SEK 1,167m in the fourth quarter of 2014.

Balance sheet

Total assets increased 16 per cent year-on-year to SEK 17,451m (15,062). The change is mainly relates to a SEK 2,428m (28 per cent) increase in the loan portfolio carrying value and a SEK 762m (33 per cent) increase in Treasury bills and Treasury bonds. These increases are offset by a SEK -648m (-33 per cent) reduction in bonds and other securities and a SEK -434m (-34 per cent) reduction in lending to credit institutions. Other assets increased SEK 291m (139 per cent) due to an unrealised position on currency forwards.

Total liabilities amount to SEK 15,163m (13,665). The change is mainly due to a SEK 1,804m (16 per cent) increase in deposit volumes.

Financing and capital debt

SEKm	31 Dec 2015	31 Dec 2014	Change %
Deposits	12,791	10,987	16
Subordinated liabilities	337	333	1
Senior unsecured debts	1,238	1,493	-17
Total interest-bearing liabilities	14,367	12,813	12
Other liabilities	796	851	7
Shareholders' equity	2,289	1,397	64
Total liabilities and shareholders' equity	17,451	15,062	16
Cash and interest bearing securities	5,240	5,560	-6
Other assets	12,212	9,501	29
Total assets	17,451	15,062	16
Liquidity ratio, %	41	50	-9 pp
CET1 ratio, %	12.32	9.35	3 pp
Total capital ratio, %	15.21	12.17	3 pp
Acquired loans			
Portfolio acquisitions	4,370	3,227	35
Carrying value of acquired loans ¹⁾	11,279	8,921	26
Gross 120-month ERC ²⁾	19,367	15,576	24

1) Including run-off consumer loan portfolio and portfolios held in joint venture.

2) Excluding run-off consumer loan portfolio and portfolios held in joint venture.

Hoist Finance funds its operations through deposits from the public and through the bond market. Deposits from the public totalled SEK 12,791m (10,987). Of this amount, SEK 4,564m is attributable to fixed term deposits of 12-, 24- and 36-month durations. In line with its funding structure diversification strategy, Hoist Finance issued a bond denominated in EUR in Q4 2014. As at 31 December 2015, outstanding bond debt totalled SEK 1,238m.

Group equity increased to SEK 2,289m (1,397). The capital base was strengthened substantially through the new share issues completed in 2015; associated with the listing.

The total capital ratio improved to 15.21 per cent (12.17) and the CET1 ratio increased to 12.32 per cent (9.35). The Company is thus well capitalised for further expansion in the acquisition of non-performing consumer loans.

Cash and interest-bearing securities total SEK 5,240m (5,560). The liquidity ratio is 41 per cent (50) of deposits from the public.

Basic earnings per share total SEK 1.32 (0.79). Interest on convertible debt instruments is included in the calculation.

Risk development

The carrying value of Hoist Finance's acquired loans at year-end totalled SEK 11,279m, a year-on-year increase of SEK 2,358. Loan portfolio credit risk is deemed to have increased during the quarter proportionally with the volume of acquired loans.

Operational risks increased (although at a lower rate than growth) due to greater business volumes. Hoist Finance works continuously to improve the quality of internal procedures to minimise operational risks. Market risks remain low, as Hoist Finance continuously hedges interest rate and currency risks.

Hoist Finance's capital position in terms of the CET1 ratio was 12.32 per cent (9.35) during the fourth quarter, exceeding the capital target of 12 per cent. The company is thus well capitalised for continued expansion.

Available liquidity totals SEK 5,243m (5,532). Because this exceeds the target established by the Company, the liquidity risk remains low.

Other information

Employees

The Group had 1,443 (1,077) FTEs during Q4 2015. The year-on-year increase is mainly attributable to acquisitions in Poland (182 FTEs) and the UK (178 FTEs).

Parent Company

The Parent Company reported a pre-tax profit of SEK 147m (11) for Q4 2015.

Related parties transactions

Information about related parties transactions are specified in the Annual Report.

Subsequent events

No significant events affecting the business have taken place after the end of the reporting period.

The share and shareholders

Hoist Finance was listed on the NASDAQ Stockholm Mid Cap List on 25 March 2015. The number of shares totalled 78,532,684 and the price per share was set at SEK 58 SEK, corresponding to a market capitalisation of SEK 4,555m. On 30 December 2015 the share price closed at SEK 88.50. A breakdown of the ownership structure is presented in the table below.

Ownership structure

Name	Capital and votes, %
Swedbank Robur Fonder AB	9.8
Toscafund Asset Management LLP	9.1
Carve Capital AB	9.0
Beagle Investments S.A.	6.7
Deciso AB	6.1
Olympus Investment S.à r.l.	5.4
Handelsbanken Fonder	4.6
Costas Thoupou	4.2
Carnegie Fonder	4.0
Norges Bank	3.4
Echiquier Fonder	2.6
Brummer & Partners Fonder	2.4
Skandinaviskonsult	2.3
Per Josefsson Invest AB	1.9
Svenskt Näringsliv	1.9
Other shareholders	26.6
Total	100.0

Source: Modular Finance, 31 December 2015.

Pursuant to issued instructions, the Nominating Committee is to be comprised of the three largest shareholders and the Chairman of the Board. Should a shareholder decline to participate in the committee, the next largest shareholder (not already a committee member) is asked to do so. Accordingly, the Nominating Committee is comprised of the Chair of the Board and representatives appointed by Swedbank Robur Fonder AB, Carve Capital AB and Olympus Investment S.à.r.l.

Dividend

The Board of Directors proposes that the 2016 AGM approve the distribution of a dividend of SEK 0.75 per share, for a total of SEK 58.9m and a record date of 3 May 2016.

The ex-dividend date for the share is 2 May 2016, with the dividend payment date scheduled for 9 May 2016.

Review

This year-end report has not been reviewed by Hoist Finance's auditors.

Annual General Meeting

The AGM will be held on Friday, 29 April 2016 at 15:00 CET at the IVA Conference Centre, Grev Turegatan 16, Stockholm.

Quarterly review

Segment reporting

SEK thousand	Quarter 4 2015	Quarter 3 2015	Quarter 2 2015	Quarter 1 2015	Quarter 4 2014
Gross cash collections on acquired loan portfolios	1,032,221	973,978	834,098	790,735	750,218
Portfolio amortisation and revaluation	-469,138	-437,968	-360,477	-358,925	-339,425
Interest income from run-off consumer loan portfolio	1,550	2,513	2,994	3,119	5,640
Net revenue from acquired loan portfolios	564,633	538,523	476,615	434,929	416,433
Fee and commission income	39,351	37,990	41,747	47,617	39,467
Profit from shares and participations in joint ventures	13,868	10,674	14,946	15,351	17,918
Other income	2,751	2,894	3,439	1,545	5,904
Total revenue	620,603	590,081	536,747	499,442	479,722
Personnel expenses	-186,713	-165,959	-153,016	-145,666	-132,298
Other operating expenses	-211,144	-223,365	-211,764	-227,743	-188,042
Depreciation and amortisation of tangible and intangible assets	-11,704	-13,550	-10,859	-10,753	-9,623
Total operating expenses	-409,561	-402,874	-375,639	-384,162	-329,963
EBIT	211,042	187,207	161,108	115,279	149,759
Interest income excl. run-off consumer loan portfolio	23	-154	-12,111	4,745	7,526
Interest expense	-85,772	-90,101	-92,876	-92,621	-93,437
Net income from financial transactions	6,257	-2,857	-3,779	-20,260	-16,321
Total financial items	-79,492	-93,112	-108,766	-108,136	-102,232
Profit before tax	131,550	94,095	52,342	7,144	47,527

Key ratios, segment reporting

SEK thousand	Quarter 4 2015	Quarter 3 2015	Quarter 2 2015	Quarter 1 2015	Quarter 4 2014
EBIT margin, %	34	32	30	23	31
Portfolio acquisitions	1,451	1,982	665	273	1,544
Carrying value of acquired loans ¹⁾	11,279	10,639	9,040	8,827	8,921
CET1 ratio, %	12.32	12.98	12.58	14.33	9.35
Gross 120-month ERC ²⁾	19,367	18,082	15,316	15,238	15,576

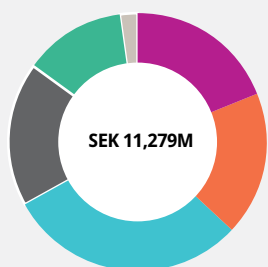
1) Including run-off consumer loan portfolio and portfolios held in joint venture.

2) Excluding run-off consumer loan portfolio and portfolios held in joint venture

Segment overview

Hoist Finance purchases and manages receivables in eight European countries, all of which have different traditions for providing financial services, different legislative frameworks and different attitudes with respect to past due receivables and repayment patterns.

Carrying value,
acquired loan portfolios per market,
31 December 2015



Germany/Austria 19%
 Belgium, the Netherlands, France 18%
 UK 30%
 Italy 18%
 Poland 13%
 Joint venture in Poland 2%

Quarter 4 2015

SEK thousand	Germany and Austria	Belgium, the Netherlands and France	UK	Italy	Poland	Central Functions and Eliminations	Group
Net revenue from acquired loan portfolios	147,433	70,561	155,860	105,752	85,027	–	564,633
Total revenue	153,834	72,231	178,709	108,136	94,995	12,698	620,603
Total operating expenses	–71,267	–67,228	–88,777	–61,594	–26,147	–94,548	–409,561
EBIT	82,567	5,003	89,932	46,542	68,848	–81,850	211,042
EBIT margin, %	54	7	50	43	72	–	34
Carrying value of acquired loan portfolios ¹⁾	2,104,463	2,077,091	3,386,835	2,062,759	1,441,915	205,557	11,278,620
Gross 120-day ERC, ²⁾ SEKm	3,535	3,387	6,060	3,705	2,680	–	19,367

1) Including run-off consumer loan portfolio and portfolios held in joint venture.

2) Excluding run-off consumer loan portfolio and portfolios held in joint venture.

The earnings trend for each operating segment (excluding Central Functions and Eliminations), based on the operating income statement, is set forth below.

Germany and Austria

SEK thousand	Quarter 4 2015	Quarter 4 2014	Change %	Full year 2015	Full year 2014	Change %
Gross cash collections on acquired loan portfolios	207,128	230,362	-10	871,315	724,044	20
Portfolio amortisation and revaluation	-61,245	-108,919	-44	-435,248	-348,873	25
Interest income from run-off consumer loan portfolio	1,550	5,640	-73	10,176	38,180	-73
Net revenue from acquired loan portfolios	147,433	127,083	16	446,243	413,351	8
Fee and commission income	3,013	3,586	-16	8,857	17,889	-50
Other income	3,388	7,839	-57	11,823	14,294	-17
Total revenue	153,834	138,508	11	466,923	445,534	5
Personnel expenses	-41,649	-34,872	19	-148,757	-133,245	12
Other operating expenses	-28,677	-25,944	11	-98,897	-85,272	16
Depreciation and amortisation of tangible and intangible assets	-941	-795	18	-3,583	-2,940	22
Total operating expenses	-71,267	-61,611	16	-251,237	-221,457	13
EBIT	82,567	76,897	7	215,686	224,077	-4
<i>EBIT margin, %</i>	<i>54</i>	<i>56</i>	<i>-2 pp</i>	<i>46</i>	<i>50</i>	<i>-4 pp</i>
Expenses/Gross cash collections on acquired loan portfolios, %	31	21	10 pp	26	25	1 pp
Carrying value of acquired loan portfolios ¹⁾	2,104,463	2,350,392	-10	N/A	N/A	-
Gross 120-month ERC, SEK ²⁾	3,535	3,817	-8	N/A	N/A	-

1) Including run-off consumer loan portfolio.

2) Excluding run-off consumer loan portfolio.

Operating income

Fourth quarter gross cash collections on acquired loan portfolios decreased 10 per cent to SEK 207m (230).

Portfolio amortisation and revaluation totalled SEK 61m (109) during the quarter, with the decrease entirely attributable to positive portfolio revaluations during Q4. Income from the run-off consumer loan portfolio decreased to SEK 2m (6) due to the limited number of remaining loans.

Operating expenses

Total operating expenses increased 16 per cent to SEK 71m (62) during the fourth quarter. The increase is primarily attributable to higher personnel expenses, SEK 5m of which refers to non-recurrent expenses associated with the ongoing reorganisation. The remainder of the increase is mainly due to an increased rate of collection via legal processes and external parties.

EBIT

The segment's EBIT totalled SEK 83m (77) for the quarter with a corresponding EBIT margin of 54 per cent (56). Comparative figures are impacted by unusually strong Q4 earnings in 2014 and positive portfolio revaluations in Q4 2015.

Acquisitions

Although the non-performing loan market remained active during the fourth quarter, a fewer number of acquisitions were conducted. The carrying amount of acquired loan portfolios was thus reduced to SEK 2,104m (2,350) as at 31 December 2015. Gross ERC decreased to SEK 3,535m (3,817) as at the same date.

Other

Positive portfolio revaluations totalling SEK 53m were conducted in Q4 and are included in the portfolio amortisation and revaluation amounts reported for the quarter.

Belgium, the Netherlands and France

SEK thousand	Quarter 4 2015	Quarter 4 2014	Change %	Full year 2015	Full year 2014	Change %
Gross cash collections on acquired loan portfolios	238,455	205,796	16	891,864	733,474	22
Portfolio amortisation and revaluation	-167,894	-150,907	11	-575,823	-484,991	19
Net revenue from acquired loan portfolios	70,561	54,889	29	316,041	248,483	27
Fee and commission income	1,660	1,860	-11	6,916	6,989	-1
Other income	10	145	-93	-22	218	-110
Total revenue	72,231	56,894	27	322,935	255,690	26
Personnel expenses	-20,760	-21,626	-4	-89,769	-86,886	3
Other operating expenses	-45,932	-24,262	89	-127,087	-102,656	24
Depreciation and amortisation of tangible and intangible assets	-536	-1,789	-70	-2,407	-4,679	-49
Total operating expenses	-67,228	-47,677	41	-219,263	-194,221	13
EBIT	5,003	9,217	-46	103,672	61,469	69
<i>EBIT margin, %</i>	7	16	-9 pp	32	24	8 pp
Expenses/Gross cash collections on acquired loan portfolios, %	27	22	5 pp	24	25	-1 pp
Carrying value of acquired loan portfolios	2,077,091	2,194,000	-5	N/A	N/A	-
Gross 120-month ERC, SEKm	3,387	3,512	-4	N/A	N/A	-

Operating income

Fourth quarter gross cash collections on acquired loan portfolios increased 16 per cent to SEK 238m (206) and portfolio amortisation and revaluation increased to SEK 168m (151). The Netherlands is responsible for a considerable portion of the increase in gross cash collections on acquired loan portfolios. The increase in portfolio amortisation and revaluations is attributable to portfolio revaluations in France.

Fee and commission income originated from third-party services offered via the French operations. In light of the strategic decision to phase out these services and redirect focus to portfolios owned by Hoist Finance, this income will continue to decrease.

Operating expenses

Total operating expenses for the fourth quarter increased 41 per cent to SEK 67m (48) due to an increase in Other operating expenses. Other operating expenses totalled an SEK 46m (24) in the fourth quarter attributable mainly to the Netherlands where variable costs related to third-party collection services are included.

EBIT

The segment's EBIT totalled SEK 5m (9) during the quarter with a corresponding EBIT margin of 7 per cent (16).

Acquisitions

The segment's acquisitions during Q4 2015 were conducted primarily in France, where activity increased significantly during the year, and the Netherlands.

Overall, the segment's acquired volumes are higher year-on-year. The carrying value of acquired loan portfolios totalled SEK 2,077m (2,194) as at 31 December 2015.

Gross ERC decreased to SEK 3,387m (3,512) as at the same date.

Other

The carrying amount of acquired loan portfolios decreased SEK 49m during the fourth quarter due to portfolio revaluations. The change is mainly attributable to the French operations.

UK

SEK thousand	Quarter 4 2015	Quarter 4 2014	Change %	Full year 2015	Full year 2014	Change %
Gross cash collections on acquired loan portfolios	247,724	143,110	73	813,772	527,346	54
Portfolio amortisation and revaluation	-91,864	-33,613	173	-204,427	-200,802	2
Net revenue from acquired loan portfolios	155,860	109,497	42	609,345	326,544	87
Fee and commission income	22,939	34,021	-33	107,931	128,344	-16
Other income	-90	1,962	-105	1,145	2,686	-57
Total revenue	178,709	145,480	23	718,421	457,574	57
Personnel expenses	-52,878	-39,023	36	-184,346	-134,502	37
Other operating expenses	-34,041	-37,493	-9	-275,525	-137,601	100
Depreciation and amortisation of tangible and intangible assets	-1,858	-773	140	-5,351	-4,588	17
Total operating expenses	-88,777	-77,289	15	-465,222	-276,691	68
EBIT	89,932	68,191	32	253,199	180,883	40
<i>EBIT margin, %</i>	<i>50</i>	<i>47</i>	<i>3 pp</i>	<i>35</i>	<i>40</i>	<i>-4 pp</i>
Expenses/Gross cash collections on acquired loan portfolios, %	27	29	-2 pp	44	28	16 pp
Carrying value of acquired loan portfolios	3,386,835	1,797,520	88	N/A	N/A	-
Gross 120-month ERC, SEKm	6,060	3,391	79	N/A	N/A	-

Operating income

Fourth quarter gross cash collections on acquired loan portfolios totalled SEK 248m (143). The change is mainly attributable to the acquisition of Compello Holdings Ltd. in early Q3 2015. Portfolio amortisation and revaluation totalled SEK 92m (34) during the quarter and were mainly due to the Compello acquisition.

Fee and commission income originating from services offered to third-parties decreased in pace with adaptation of the UK operations to Hoist Finance's strategy focused on acquisitions and managing an in-house platform.

Operating expenses

Total operating expenses increased 15 per cent to SEK 89m (77) during the fourth quarter. Increased personnel expenses are a consequence of Hoist Finance's takeover of personnel through the acquisition of Compello Holdings Ltd. in Q3.

The integration of Compello Holdings Ltd, including migration of loan portfolios and personnel, proceeded according to plan during the fourth quarter. Some staff function and back office duplications have been eliminated, reducing Compello's 178 FTEs to 134 up to Q4.

Integration efforts resulted in lower Other operating expenses due to a temporary reduction in the legal collection rate, and were also responsible for the somewhat higher amortisation rate during Q4.

EBIT

The segment's EBIT totalled SEK 90m (68) for the quarter with a corresponding EBIT margin of 50 per cent (47).

Acquisitions

Year-on-year acquisition activity was somewhat subdued during Q4 2015.

The carrying value of acquired loan portfolios totalled SEK 3,387m (1,798) at 31 December 2015. Gross ERC increased to SEK 6,060m (3,391) as at the same date.

Other

No portfolio revaluations have been conducted during the fourth quarter.

Italy

SEK thousand	Quarter 4 2015	Quarter 4 2014	Change %	Full year 2015	Full year 2014	Change %
Gross cash collections on acquired loan portfolios	200,249	89,490	124	588,633	260,828	126
Portfolio amortisation and revaluation	-94,497	-21,915	331	-221,462	-91,324	143
Net revenue from acquired loan portfolios	105,752	67,575	56	367,171	169,504	117
Fee and commission income	1,956	-	-	5,891	-	-
Other income	428	-416	-203	1,414	311	354
Total revenue	108,136	67,159	61	374,476	169,815	121
Personnel expenses	-16,851	-11,678	44	-56,842	-17,854	218
Other operating expenses	-43,651	-39,167	11	-126,380	-86,028	47
Depreciation and amortisation of tangible and intangible assets	-1,092	-2,033	-46	-5,959	-2,340	155
Total operating expenses	-61,594	-52,878	16	-189,181	-106,222	78
EBIT	46,542	14,281	226	185,295	63,593	191
<i>EBIT margin, %</i>	43	21	22 pp	49	37	12 pp
	30	60	-30 pp	31	41	-10 pp
Expenses/Gross cash collections on acquired loan portfolios, %	2,062,759	1,181,210	75	N/A	N/A	-
Carrying value of acquired loan portfolios	3,705	2,407	54	N/A	N/A	-
Gross 120-month ERC, SEKm						

Operating income

Fourth quarter gross cash collections on acquired loan portfolios increased 124 per cent to SEK 200m (89). The large increase is essentially attributable to the acquisitions of significant portfolios in December 2014 and the SME loan portfolio during Q4. Fourth quarter portfolio amortisation and revaluations totalled SEK 94m (22), with the increase primarily due to the above-referenced acquisitions.

Operating expenses

Total operating expenses increased 16 per cent to SEK 62m (53) and reflect the acquisition in 2015 of substantial loan portfolios for which Hoist Finance now carries out extensive collection activities. Other operating expenses increased 11 per cent during Q4 to SEK 44m (39) and are primarily comprised of expenses related to the major acquisition conducted during Q4 2014. Personnel expenses totalled SEK 17m (12) during the fourth quarter, with the increase following the increase in FTEs during the year.

EBIT

The segment's EBIT totalled SEK 47m (14) for the quarter with a corresponding EBIT margin of 43 per cent (21).

Acquisitions

2015 acquisition activity was somewhat higher than the previous year's high level. Most loan portfolio acquisitions for the year were conducted during the fourth quarter.

The carrying value of acquired loan portfolios totalled SEK 2,063m (1,181) at 31 December 2015. Gross ERC increased to SEK 3,705m (2,407) as at the same date.

Other

No portfolio revaluations have been conducted during the fourth quarter.

Poland

SEK thousand	Quarter 4 2015	Quarter 4 2014	Change %	Full year 2015	Full year 2014	Change %
Gross cash collections on acquired loan portfolios	138,665	81,460	70	465,448	295,619	57
Portfolio amortisation and revaluation	-53,638	-24,071	123	-189,548	-17,030	-
Net revenue from acquired loan portfolios	85,027	57,389	48	275,900	278,589	-1
Fee and commission income	9,783	-	-	37,110	-	-
Other income	185	-	-	353	-	-
Total revenue	94,995	57,389	66	313,363	278,589	12
Personnel expenses	-7,258	-600	-	-23,656	-2,035	-
Other operating expenses	-17,936	-18,387	-2	-75,005	-74,812	-
Depreciation and amortisation of tangible and intangible assets	-953	-	-	-3,612	-	-
Total operating expenses	-26,147	-18,987	38	-102,273	-76,847	33
EBIT	68,848	38,402	79	211,090	201,742	5
<i>EBIT margin, %</i>	72	67	6 pp	67	72	-5 pp
Expenses/Gross cash collections on acquired loan portfolios, %	12	23	-12 pp	14	26	-12 pp
Carrying value of acquired loan portfolios	1,441,915	1,182,459	22	N/A	N/A	-
Gross 120-month ERC, SEKm	2,680	2,449	9	N/A	N/A	-

Operating income

Fourth quarter gross cash collections on acquired loan portfolios increased 70 per cent to SEK 139m (81). The rate of increase in portfolio amortisation (considerably higher than the increase in gross cash collections) is primarily attributable to a large portfolio acquired in 2013. The amortisation rate has normalised with the increase in this portfolio's cash flow.

Fee and commission income is generated entirely by third-party services offered by Navi Lex, acquired by Hoist Finance in late Q4 2014.

Operating expenses

Operating expenses increased 38 per cent to SEK 26m (19) during the fourth quarter. The increase is mainly attributable to Personnel expenses, a result of costs associated with workforce growth stemming from acquisitions conducted in December 2014. 89 FTEs were added during the year in pace with the acquisition of additional portfolios during 2015 and the takeover of portfolios previously managed externally by an in-house platform.

EBIT

The segment's EBIT totalled SEK 69m (38) for the quarter with a corresponding EBIT margin of 72 per cent (67).

Acquisitions

Market activity in Poland remained buoyant in Q4. Hoist Finance has entered into an important transaction with an international bank. The transaction, of a unique nature on the Polish market, involves the acquisition of loan portfolios and Hoist Finance's takeover of personnel and subsequent establishment of a new office in Gdansk during the first six months of 2016. Anticipated loan portfolio acquisitions arising from this transaction have a minor impact on Q4 2015, and will be completed for the most part during 2016. The carrying value of acquired loan portfolios totalled SEK 1,442m (1,182) at 31 December 2015. Gross ERC increased to SEK 2,680m (2,449) as at the same date.

Other

No portfolio revaluations have been conducted during the fourth quarter.

Financial statements

Consolidated income statement

SEK thousand	Note	Quarter 4 2015	Quarter 4 2014	Full year 2015	Full year 2014
Net revenue from acquired loan portfolios	1	563,083	410,793	2,004,524	1,398,291
Interest income		1,573	13,166	2,679	89,731
Interest expense		-85,772	-93,437	-361,370	-344,969
Net interest income		478,884	330,522	1,645,833	1,143,053
Fee and commission income		39,351	39,467	166,705	153,222
Net income from financial transactions		6,257	-16,321	-15,341	-17,719
Other income		2,751	5,904	10,629	12,219
Total operating income		527,243	359,572	1,807,826	1,290,775
General administrative expenses					
–Personnel expenses		-186,713	-132,298	-651,354	-473,200
–Other operating expenses		-211,144	-188,042	-874,016	-627,467
Depreciation and amortisation of tangible and intangible assets		-11,704	-9,623	-46,866	-30,281
Total operating expenses		-409,561	-329,963	-1,572,236	-1,130,948
Profit before credit losses		117,682	29,609	235,590	159,827
Net credit losses		–	–	-5,298	–
Earnings from participations in joint ventures		13,868	17,918	54,839	58,662
Profit before tax		131,550	47,527	285,131	218,489
Income tax expense		-24,600	1,035	-54,609	-38,386
Profit for the period		106,950	48,562	230,522	180,103
Profit attributable to:					
Owners of Hoist Finance AB (publ)		106,950	48,562	230,522	180,103
Basic earnings per share ¹⁾		1.32	0.79	2.90	3.07
Diluted earnings per share ^{1, 2)}		1.29	0.72	2.84	2.72

1) Following the 1:3 share split, each warrant entitles the holder to subscribe for three new shares. Comparative figures were recalculated as regards the effects of the share split.

2) Includes the effect of 929,627 outstanding warrants.

Consolidated statement of comprehensive income

SEK thousand	Quarter 4 2015	Quarter 4 2014	Full year 2015	Full year 2014
Profit for the period	106,950	48,562	230,522	180,103
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Revaluation of defined benefit pension plan	1,408	-1,710	1,408	-1,710
Revaluation of remuneration after terminated employment	1,606	-1,120	1,606	-1,120
Tax	-781	872	-781	872
Total items that will not be reclassified to profit or loss	2,233	-1,958	2,233	-1,958
<i>Items that may be reclassified subsequently to profit or loss</i>				
Currency translation differences on foreign operations	-29,788	-50,162	-35,485	-29,093
Translation difference, joint venture	-6,237	1,308	-4,948	5,939
Hedging of currency risk in foreign operations	4,762	58,289	-849	32,584
Total items that may be reclassified subsequently to profit or loss	-31,263	9,435	-41,282	9,430
Other comprehensive income for the period	-29,030	7,477	-39,049	7,472
Total comprehensive income for the period	77,920	56,039	191,473	187,575
Profit attributable to:				
Owners of Hoist Finance AB (publ)	77,920	56,039	191,473	187,575

Consolidated balance sheet

SEK thousand	Note	31 Dec 2015	31 Dec 2014
ASSETS			
Cash		281	340
Treasury bills and Treasury bonds		3,077,827	2,316,110
Lending to credit institutions		858,516	1,292,711
Lending to the public		77,994	157,232
Acquired loan portfolios	2	11,014,699	8,586,782
Bonds and other securities		1,303,214	1,951,241
Participations in joint ventures		205,557	215,347
Intangible assets		235,632	171,048
Tangible assets		41,623	32,000
Other assets		501,062	209,941
Deferred tax assets		62,688	70,885
Prepaid expenses and accrued income		72,384	58,192
Total assets		17,451,477	15,061,829
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Deposits and borrowing from the public		12,791,377	10,987,289
Tax liabilities		21,639	52,326
Other liabilities		357,284	555,186
Deferred tax liabilities		183,999	50,419
Accrued expenses and prepaid income		180,941	124,797
Provisions		52,116	68,704
Senior unsecured debt		1,238,469	1,493,122
Subordinated liabilities		336,892	332,796
Total liabilities		15,162,717	13,664,639
Shareholders' equity			
Share capital		26,178	21,662
Other contributed equity		1,755,676	1,003,818
Reserves		-44,094	-2,812
Retained earnings including profit for the period		551,000	374,522
Total shareholders' equity		2,288,760	1,397,190
Total liabilities and shareholders' equity		17,451,477	15,061,829
Pledged assets		639	1,903
Commitments		483,952	229,944

Consolidated statement of changes in shareholders' equity

SEK thousand	Share capital	Other contributed capital	Reserves Translation reserve	Retained earnings including profit for the period	Total shareholders' equity
Opening balance 1 Jan 2015	21,662	1,003,818	-2,812	374,522	1,397,190
Comprehensive income for the period					
Profit for the period				230,522	230,522
Other comprehensive income			-41,282	2,233	-39,049
Total comprehensive income for the period			-41,282	232,755	191,473
Transactions reported directly in equity					
New share issue	4,516	745,545 ¹⁾			750,061
Warrants, repurchased and cancelled		-842		-3,177	-4,019
Interest paid on capital contribution				-15,000	-15,000
Acquisition of minority shareholding in subsidiary				-32,584	-32,584
Tax effect on items reported directly in equity		7,155		-5,516	1,639
Total transactions reported directly in equity	4,516	751,858		-56,277	700,097
Closing balance 31 Dec 2015	26,178	1,755,676	-44,094	551,000	2,288,760

1) Nominal amount of SEK 778,068,000 has been reduced by transaction costs of SEK 32,523,000.

SEK thousand	Share capital	Other contributed capital	Reserves Translation reserve	Retained earnings including profit for the period	Total shareholders' equity
Opening balance 1 Jan 2014	15,488	590,370	-12,242	221,826	815,442
Comprehensive income for the period					
Profit for the period				180,103	180,103
Other comprehensive income			9,430	-1,958	7,472
Total comprehensive income for the period			9,430	178,145	187,575
Transactions reported directly in equity					
New share issue	6,174	508,310 ²⁾			514,484
Interest paid on capital contribution				-28,750	-28,750
Paid-in premium for warrants		5,138			5,138
Conversion of convertible bond		-100,000			-100,000
Tax effect on items reported directly in equity				3,301	3,301
Total transactions reported directly in equity	6,174	413,448		-25,449	394,173
Closing balance 31 Dec 2014	21,662	1,003,818	-2,812	374,522	1,397,190

2) Nominal amount of SEK 527,160,000 has been reduced by transaction costs of SEK 18,850,000.

Consolidated cash flow statement

SEK thousand	Quarter 4 2015	Quarter 4 2014	Full year 2015	Full year 2014
OPERATING ACTIVITIES				
Gross cash collections	1,032,220	750,217	3,631,031	2,541,310
Paid-in interest	-1,538	13,166	35,614	89,731
Fee and commission income	39,351	39,467	166,705	153,222
Other operating income	2,750	5,905	10,629	12,220
Interest paid	-156,551	-140,048	-338,950	-274,982
Operating expenses	-368,520	-324,111	-1,478,721	-1,093,078
Net cash flow from financial transactions	6,257	-16,321	-15,341	-17,719
Capital gain on redemption of joint venture certificates	14,441	12,296	44,404	27,941
Income tax paid	-16,572	-830	-45,453	-52,292
Total	551,838	339,741	2,009,918	1,386,353
Increase/decrease in acquired loans incl. translation differences	-1,133,249	-1,770,398	-4,054,424	-3,731,866
Increase/decrease in joint venture certificates	4,737	5,478	15,277	13,544
Increase/decrease in lending to the public	12,610	44,124	73,940	171,719
Increase/decrease in deposits and borrowing from the public	46,759	1,054,678	1,781,668	1,215,800
Increase/decrease in other assets	-270,466	-24,134	-290,002	-94,502
Increase/decrease in other liabilities	26,570	326,450	-277,073	307,124
Increase/decrease in provisions	-4,131	-7,350	-16,588	-25,933
Change in other balance sheet items	-19,325	6,738	76,967	-309
Total	-1,336,495	-364,414	-2,690,235	-2,144,423
Cash flow from operating activities	-784,657	-24,673	-680,317	-758,070
INVESTING ACTIVITIES				
Investments in intangible assets	-9,130	-15,499	-37,424	-64,286
Investments in tangible assets	-8,516	-3,951	-20,529	-14,247
Investments in subsidiaries	-	-49,434	-50,569	-49,434
Investments in/divestments of bonds and other securities	989,120	413,834	615,093	-653,564
Cash flow from investing activities	971,474	344,950	506,571	-781,531
FINANCING ACTIVITIES				
New share issue	-	99,434	750,061	414,484
Paid-in premium for warrants	-	3,795	-	5,138
Warrants, repurchased and cancelled	-	-	-4,019	-
Issued bonds	-	939,053	-	1,013,053
Issued bonds, repurchased and cancelled	-33,858	-182,046	-229,833	-182,046
Interest paid on capital contribution	-7,500	-13,750	-15,000	-28,750
Cash flow from financing activities	-41,358	846,486	501,209	1,221,879
Cash flow for the period	145,459	1,166,762	327,463	-317,722
Cash at the beginning of the period	3,791,165	2,442,399	3,609,161	3,926,883
Cash at the end of the period¹⁾	3,936,624	3,609,161	3,936,624	3,609,161

1) Consists of cash, Treasury bills/bonds and lending to credit institutions.

Parent Company income statement

SEK thousand	Quarter 4 2015	Quarter 4 2014	Full year 2015	Full year 2014
Net sales	38,647	51,996	148,458	171,684
Other external expenses	-48,763	-41,115	-193,296	-151,509
Depreciation and amortisation	-1,750	-1,733	-7,170	-6,762
Total operating expenses	-50,513	-42,848	-200,466	-158,271
Operating profit	-11,866	9,148	-52,008	13,413
Other interest income	-470	1,440	-4,457	1,254
Interest expense	-214	-280	-927	-1,315
Total income from financial items	-684	1,160	-5,384	-61
Earnings from participations in Group companies	182,890	-	182,890	-
Appropriations	-22,977	342	-22,977	-535
Profit/loss before tax	147,363	10,650	102,521	12,817
Income tax expense	-34,026	226	-24,829	-353
Profit/loss for the period¹⁾	113,337	10,876	77,692	12,464

1) Profit/loss for the period corresponds to Comprehensive income for the period.

Parent Company balance sheet

SEK thousand	31 Dec 2015	31 Dec 2014
ASSETS		
Non-current assets		
Licences and software	19,475	31,871
Total intangible assets	19,475	31,871
Equipment	3,142	2,232
Total tangible assets	3,142	2,232
Shares and participations in subsidiaries	1,687,989	928,986
Total financial assets	1,687,989	928,986
Total non-current assets	1,710,606	963,089
Current assets		
Receivables, Group companies	209,519	47,506
Accounts receivable	55	–
Other receivables	1,015	4,353
Prepaid expenses and accrued income	7,467	17,174
Total current receivables	218,056	69,033
Cash and bank balances	125,414	43,519
Total current assets	343,470	112,552
Total assets	2,054,076	1,075,641
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		
Shareholders' equity		
Restricted equity		
Share capital	26,178	21,662
Statutory reserve	3,098	3,098
Total restricted equity	29,276	24,760
Non-restricted equity		
Other contributed equity	1,661,136	909,278
Loss carried forward	–18,775	–28,062
Profit/loss for the period	77,692	12,464
Total non-restricted equity	1,720,053	893,680
Total shareholders' equity	1,749,329	918,440
Untaxed reserves	23,512	535
Provisions		
Pension provisions	35	49
Total provisions	35	49
Non-current liabilities		
Intra-Group loans	40,100	40,100
Total non-current liabilities	40,100	40,100
Current liabilities		
Accounts payable	7,596	9,856
Tax liabilities	16,078	353
Liabilities, Group companies	213,443	103,535
Accrued expenses and prepaid income	3,983	2,773
Total current liabilities	241,100	116,517
Total shareholders' equity, provisions and liabilities	2,054,076	1,075,641
Pledged assets	none	none
Commitments	none	none

Parent Company statement of changes in shareholders' equity

SEK thousand	Restricted equity		Non-restricted equity			Total share-holders' equity
	Share capital	Statutory reserve	Other contrib-uted equity	Losses carried forward	Profit /loss for the period	
Opening balance 1 Jan 2015	21,662	3,098	909,278	-28,062	12,464	918,440
Transfer of previous year's net profit/loss				12,464	-12,464	-
Comprehensive income for the period						
Profit for the period					77,692	77,692
Total comprehensive income for the period					77,692	77,692
Transactions reported directly in equity						
New share issue	4,516		745,545 ¹⁾			750,061
Warrants, repurchased and cancelled			-842	-3,177		-4,019
Tax effect on items reported directly in equity			7,155			7,155
Total transactions reported directly in equity	4,516	-	751,858	-3,177	-	753,197
Closing balance 31 Dec 2015	26,178	3,098	1,661,136	-18,775	77,692	1,749,329

1) Nominal amount of SEK 778,068,000 has been reduced by transaction costs of SEK 32,523,000.

SEK thousand	Restricted equity		Non-restricted equity			Total share-holders' equity
	Share capital	Statutory reserve	Other contrib-uted equity	Losses carried forward	Profit/loss for the period	
Opening balance 1 Jan 2014	15,488	3,098	395,830	-23,111	-4,951	386,354
Transfer of previous year's net loss				-4,951	4,951	-
Comprehensive income for the period						
Profit for the period					12,464	12,464
Total comprehensive income for the period					12,464	12,464
Transactions reported directly in equity						
New share issue	6,174		508,310 ²⁾			514,484
Paid-in premium for warrants			5,138			5,138
Total transactions reported directly in equity	6,174	-	513,448	-	-	519,622
Closing balance 31 Dec 2014	21,662	3,098	909,278	-28,062	12,464	918,440

2) Nominal amount of SEK 527,160,000 has been reduced by transaction costs of SEK 18,850,000.

Parent Company cash flow statement

SEK thousand	Quarter 4 2015	Quarter 4 2014	Full year 2015	Full year 2014
OPERATING ACTIVITIES				
Paid-in interest	1	11	10	32
Other operating income	38,648	51,996	148,458	171,684
Interest paid	-213	-279	-927	-1,314
Operating expenses	-48,191	-54,283	-182,379	-164,652
Net cash flow from financial transactions	-472	1,428	-4,467	1,221
Income tax paid	-1,826	99	-1,930	-5
Total	-12,053	-1,028	-41,235	6,966
Increase/decrease in intra-group transactions	96,381	3,591	130,784	55,322
Increase/decrease in other assets	99	-2,765	3,263	-2,621
Increase/decrease in other liabilities	1,068	7,887	-2,273	-1,081
Total	97,548	8,703	131,774	51,592
Cash flow from operating activities	85,495	7,675	90,539	58,558
INVESTING ACTIVITIES				
Investments in intangible assets	-4,537	-1,350	-15,101	-6,622
Disposals of intangible assets	21,383	-	21,383	-
Investments in tangible assets	-191	-206	-1,965	-574
Investments in subsidiaries	-	-99,989	-759,003	-432,952
Cash flow from investing activities	16,655	-101,545	-754,686	-440,148
FINANCING ACTIVITIES				
New share issue	-	99,434	750,061	414,484
Paid-in premium for warrants	-	3,794	-	5,138
Warrants, repurchased and cancelled	-	-	-4,019	-
Cash flow from financing activities	-	103,228	746,042	419,622
Cash flow for the period	102,150	9,358	81,895	38,032
Cash at the beginning of the period	23,264	34,161	43,519	5,487
Cash at the end of the period¹⁾	125,414	43,519	125,414	43,519

1) Consists of cash and bank balances.

Accounting principles

Hoist Finance AB (publ) 556012-8489

The interim financial statements are presented in accordance with IAS 34 Interim Financial Reporting. The Group's consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations thereof as adopted by the European Union. The accounting follows the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the regulatory code issued by the Swedish Financial Supervisory Authority (FFFS 2008:25), on Annual Reports in Credit institutions and Securities Companies. The Swedish Financial Board's RFR 1, Supplementary Accounting Rules for Groups, has also been applied.

The Parent Company's accounts were prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the regulatory code issued by the Swedish Financial Supervisory Authority (FFFS 2008:25), on Annual Reports in Credit institutions and Securities Companies. The Swedish Financial Board's RFR 2, Accounting for Legal Entities, was also

applied. The same accounting policies and methods of computation are followed as compared to the Annual report 2014.

IFRIC 21 Levies is to be applied as from financial year 2015. The interpretation is effective for financial years beginning on or after 17 June 2014. The interpretation includes guidance on debt accounting within IAS 37 Provisions, Contingent Liabilities and Contingent Assets and clarifies that the company should recognise a liability for the levy at the end of the year, provided that the company conducts banking activities at the end of the year. The new interpretation is not deemed to have any significant impact on the Group's financial statements or capital adequacy.

No other IFRCs or IFRIC Interpretations that are not yet effective are expected to have any significant impact on the Group.

Exchange rates

1 EUR = SEK	Quarter 4 2015	Quarter 4 2014	Full year 2015	Full year 2014
Income statement (average)	9.3553	9.0930	9.3553	9.0930
Balance sheet (at end of the period)	9.1350	9.5155	9.1350	9.5155
1 GBP = SEK				
Income statement (average)	12.8908	11.2794	12.8908	11.2794
Balance sheet (at end of the period)	12.3785	12.1388	12.3785	12.1388
1 PLN = SEK				
Income statement (average)	2.2372	2.1737	2.2372	2.1737
Balance sheet (at end of the period)	2.1545	2.2124	2.1545	2.2124

Notes

Note 1 Segment reporting

Consolidated income statement

SEK thousand	Quarter 4 2015	Quarter 4 2014	Full year 2015	Full year 2014
Revenues from acquired loan portfolios	563,083	410,793	2,004,524	1,398,291
of which, gross cash collections	1,032,221	750,218	3,631,032	2,541,311
of which, portfolio amortisation and revaluation	-469,138	-339,425	-1,626,508	-1,143,020
Interest income	1,573	13,166	2,679	89,731
of which, interest income from run-off consumer loan portfolio	1,550	5,640	10,176	38,180
of which, interest income excl. run-off consumer loan portfolio	23	7,526	-7,497	51,551
Interest expense	-85,772	-93,437	-361,370	-344,969
Net interest income	478,884	330,522	1,645,833	1,143,053
Fee and commission income	39,351	39,467	166,705	153,222
Net income from financial transactions	6,257	-16,321	-15,341	-17,719
Other income	2,751	5,904	10,629	12,219
Total operating income	527,243	359,572	1,807,826	1,290,775
General administrative expenses				
Personnel expenses	-186,713	-132,298	-651,354	-473,200
Other operating expenses	-211,144	-188,042	-874,016	-627,467
Depreciation and amortisation of tangible and intangible assets	-11,704	-9,623	-46,866	-30,281
Total operating expenses	-409,561	-329,963	-1,572,236	-1,130,948
Profit before loan losses	117,682	29,609	235,590	159,827
Net loan losses	-	-	-5,298	-
Profit from shares and participations in joint ventures	13,868	17,918	54,839	58,662
Profit before tax	131,550	47,527	285,131	218,489

Operating income statement based on segment reporting

SEK thousand	Quarter 4 2015	Quarter 4 2014	Full year 2015	Full year 2014
Gross cash collections on acquired loan portfolios	1,032,221	750,218	3,631,032	2,541,311
Portfolio amortisation and revaluation	-469,138	-339,425	-1,626,508	-1,143,020
Interest income from run-off consumer loan portfolio	1,550	5,640	10,176	38,180
Net revenue from acquired loan portfolios	564,633	416,433	2,014,700	1,436,471
Fee and commission income	39,351	39,467	166,705	153,222
Profit from shares and participations in joint ventures	13,868	17,918	54,839	58,662
Other income	2,751	5,904	10,629	12,219
Total revenue	620,603	479,722	2,246,873	1,660,574
Personnel expenses	-186,713	-132,298	-651,354	-473,200
Other operating expenses	-211,144	-188,042	-874,016	-627,467
Depreciation and amortisation of tangible and intangible assets	-11,704	-9,623	-46,866	-30,281
Total operating expenses	-409,561	-329,963	-1,572,236	-1,130,948
EBIT	211,042	149,759	674,637	529,626
Interest income excl. run-off consumer loan portfolio	23	7,526	-7,497	51,551
Interest expense	-85,772	-93,437	-361,370	-344,969
Net income from financial transactions incl. financing costs	6,257	-16,321	-20,639	-17,719
Total financial items	-79,492	-102,232	-389,506	-311,137
Profit before tax	131,550	47,527	285,131	218,489

Segment reporting has been prepared based on the manner in which executive management monitors operations. This differs from statutory account preparation; the material differences are as follows:

- Revenue includes income from
 - acquired loan portfolios
 - run-off consumer loan portfolio
- fee and commission income from third parties
- profit from shares and participations in joint ventures
- other income
- Total financial items include interest income from sources other than acquired loan portfolios, interest expense and net income from financial transactions.

Note 1

Segment reporting, cont.

Group costs for central and supporting functions are not allocated to the operating segments but are reported as Central Functions and Eliminations.

A financing cost is allocated to the operating segments based on the acquired loan portfolio assets. The difference between the actual

financing cost and the standardised cost is included in Central Functions and Eliminations.

With respect to the balance sheet, only acquired loan portfolios are monitored. Other assets and liabilities are not monitored on a segment-by-segment basis.

Income statement Quarter 4 2015

SEK thousand	Germany and Austria ¹⁾	Belgium, Netherlands and France ²⁾	UK	Italy	Poland	Central Functions/ Eliminations	Group
Gross cash collections on acquired loan portfolios	207,128	238,455	247,724	200,249	138,665	–	1,032,221
Portfolio amortisation and revaluation	–61,245	–167,894	–91,864	–94,497	–53,638	–	–469,138
Interest income from run-off consumer loan portfolio	1,550	–	–	–	–	–	1,550
Net revenue from acquired loan portfolios	147,433	70,561	155,860	105,752	85,027	–	564,633
Fee and commission income	3,013	1,660	22,939	1,956	9,783	–	39,351
Profit from shares and participations in joint ventures	–	–	–	–	–	13,868	13,868
Other income	3,388	10	–90	428	185	–1,170	2,751
Total revenue	153,834	72,231	178,709	108,136	94,995	12,698	620,603
Personnel expenses	–41,649	–20,760	–52,878	–16,851	–7,258	–47,317	–186,713
Other operating expenses	–28,677	–45,932	–34,041	–43,651	–17,936	–40,907	–211,144
Depreciation and amortisation of tangible and intangible assets	–941	–536	–1,858	–1,092	–953	–6,324	–11,704
Total operating expenses	–71,267	–67,228	–88,777	–61,594	–26,147	–94,548	–409,561
EBIT	82,567	5,003	89,932	46,542	68,848	–81,850	211,042
Interest income excl. run-off consumer loan portfolio	133	40	92	1	373	–616	23
Interest expense	–1,476	–23	–	–	–9	–84,264	–85,772
Net income from financial transactions incl. financing costs	–26,741	–26,533	–44,131	–21,894	–18,491	144,047	6,257
Total financial items	–28,084	–26,516	–44,039	–21,893	–18,127	59,167	–79,492
Profit/-loss before tax	54,483	–21,513	45,893	24,649	50,721	–22,683	131,550

1) Total revenue for Germany of SEK 150,580,000 is included in the revenue for Germany and Austria.

2) Total revenue for the Netherlands of SEK 93,182,000 is included in the revenue for Belgium, the Netherlands and France.

Income statement Quarter 4 2014

SEK thousand	Germany and Austria ¹⁾	Belgium, Netherlands and France ²⁾	UK	Italy	Poland	Central Functions/ Eliminations	Group
Gross cash collections on acquired loan portfolios	230,362	205,796	143,110	89,490	81,460	–	750,218
Portfolio amortisation and revaluation	–108,919	–150,907	–33,613	–21,915	–24,071	–	–339,425
Interest income from run-off consumer loan portfolio	5 640	–	–	–	–	–	5,640
Net revenue from acquired loan portfolios	127,083	54,889	109,497	67,575	57,389	–	416,433
Fee and commission income	3,586	1,860	34,021	–	–	–	39,467
Profit from shares and participations in joint ventures	–	–	–	–	–	17,918	17,918
Other income	7,839	145	1,962	–416	–	–3,626	5,904
Total revenue	138,508	56,894	145,480	67,159	57,389	14,292	479,722
Personnel expenses	–34,872	–21,626	–39,023	–11,678	–600	–24,499	–132,298
Other operating expenses	–25,944	–24,262	–37,493	–39,167	–18,387	–42,789	–188,042
Depreciation and amortisation of tangible and intangible assets	–795	–1,789	–773	–2,033	–	–4,233	–9,623
Total operating expenses	–61,611	–47,677	–77,289	–52,878	–18,987	–71,521	–329,963
EBIT	76,897	9,217	68,191	14,281	38,402	–57,229	149,759
Interest income excl. run-off consumer loan portfolio	76	113	3	–	–	7,334	7,526
Interest expense	–730	–18	–86	–	–	–92,603	–93,437
Net income from financial transactions incl. financing costs	–28,574	–26,829	–21,426	–8,915	–15,470	84,893	–16,321
Total financial items	–29,228	–26,734	–21,509	–8,915	–15,470	–376	–102,232
Profit/-loss before tax	47,669	–17,517	46,682	5,366	22,932	–57,605	47,527

1) Total revenue for Germany of SEK 137,845,000 is included in the revenue for Germany and Austria.

2) Total revenue for the Netherlands of SEK 79,279,000 is included in the revenue for Belgium, the Netherlands and France.

Note 1

Segment reporting, cont.

Income statement Full-year 2015

SEK thousand	Germany and Austria ¹⁾	Belgium, the Netherlands and France ²⁾	UK	Italy	Poland	Central Functions/ Eliminations	Group
Gross cash collections on acquired loan portfolios	871,315	891,864	813,772	588,633	465,448	–	3,631,032
Portfolio amortisation and revaluation	–435,248	–575,823	–204,427	–221,462	–189,548	–	–1,626,508
Interest income from run-off consumer loan portfolio	10,176	–	–	–	–	–	10,176
Net revenue from acquired loan portfolios	446,243	316,041	609,345	367,171	275,900	–	2,014,700
Fee and commission income	8,857	6,916	107,931	5,891	37,110	–	166,705
Profit from shares and participations in joint ventures	–	–	–	–	–	54,839	54,839
Other income	11,823	–22	1,145	1,414	353	–4,084	10,629
Total revenue	466,923	322,935	718,421	374,476	313,363	50,755	2,246,873
Personnel expenses	–148,757	–89,769	–184,346	–56,842	–23,656	–147,984	–651,354
Other operating expenses	–98,897	–127,087	–275,525	–126,380	–75,005	–171,122	–874,016
Depreciation and amortisation of tangible and intangible assets	–3,583	–2,407	–5,351	–5,959	–3,612	–25,954	–46,866
Total operating expenses	–251,237	–219,263	–465,222	–189,181	–102,273	–345,060	–1,572,236
EBIT	215,686	103,672	253,199	185,295	211,090	–294,305	674,637
Interest income excl. run-off consumer loan portfolio	521	84	117	1	1,599	–9,819	–7,497
Interest expense	–1,476	–76	76	–8	–121	–359,765	–361,370
Net income from financial transactions incl. financing costs	–111,204	–105,635	–133,690	–66,290	–68,106	464,286	–20,639
Total financial items	–112,159	–105,627	–133,497	–66,297	–66,628	94,702	–389,506
Profit/-loss before tax	103,527	–1,955	119,702	118,998	144,462	–199,603	285,131

1) Total revenue for Germany of SEK 453,307,000 is included in the revenue for Germany and Austria.

2) Total revenue for the Netherlands of SEK 287,181,000 is included in the revenue for Belgium, the Netherlands and France.

Income statement Full-year 2014

SEK thousand	Germany and Austria ¹⁾	Belgium, the Netherlands and France ²⁾	UK	Italy	Poland	Central Functions/ Eliminations	Group
Gross cash collections on acquired loan portfolios	724,044	733,474	527,346	260,828	295,619	–	2,541,311
Portfolio amortisation and revaluation	–348,873	–484,991	–200,802	–91,324	–17,030	–	–1,143,020
Interest income from run-off consumer loan portfolio	38,180	–	–	–	–	–	38,180
Net revenue from acquired loan portfolios	413,351	248,483	326,544	169,504	278,589	–	1,436,471
Fee and commission income	17,889	6,989	128,344	–	–	–	153,222
Profit from shares and participations in joint ventures	–	–	–	–	–	58,662	58,662
Other income	14,294	218	2,686	311	–	–5,290	12,219
Total revenue	445,534	255,690	457,574	169,815	278,589	53,372	1,660,574
Personnel expenses	–133,245	–86,886	–134,502	–17,854	–2,035	–98,678	–473,200
Other operating expenses	–85,272	–102,656	–137,601	–86,028	–74,812	–141,098	–627,467
Depreciation and amortisation of tangible and intangible assets	–2,940	–4,679	–4,588	–2,340	–	–15,734	–30,281
Total operating expenses	–221,457	–194,221	–276,691	–106,222	–76,847	–255,510	–1,130,948
EBIT	224,077	61,469	180,883	63,593	201,742	–202,138	529,626
Interest income excl. run-off consumer loan portfolio	96	170	241	–	–	51,044	51,551
Interest expense	–678	–90	–179	–2	–	–344,020	–344,969
Net income from financial transactions incl. financing costs	–105,135	–100,481	–72,627	–25,292	–52,232	338,048	–17,719
Total financial items	–105,717	–100,401	–72,565	–25,294	–52,232	45,072	–311,137
Profit/-loss before tax	118,360	–38,932	108,318	38,299	149,510	–157,066	218,489

1) Total revenue for Germany of SEK 437,105,000 is included in the revenue for Germany and Austria.

2) Total revenue for the Netherlands of SEK 199,747,000 is included in the revenue for Belgium, the Netherlands and France.

Note 1

Segment reporting, cont.

Acquired loans at 31 Dec 2015

SEK thousand	Germany and Austria ¹⁾	Belgium, the Netherlands and France ²⁾	UK	Italy	Poland	Central Functions/ Eliminations	Group
Run-off consumer loan portfolio	58,364	–	–	–	–	–	58,364
Acquired loan portfolios	2,046,099	2,077,091	3,386,835	2,062,759	1,441,915	–	11,014,699
Shares and participations in joint ventures	–	–	–	–	–	205,557	205,557
Acquired loans	2,104,463	2,077,091	3,386,835	2,062,759	1,441,915	205,557	11,278,620

Acquired loans at 31 Dec 2014

SEK thousand	Germany and Austria ¹⁾	Belgium, the Netherlands and France ²⁾	UK	Italy	Poland	Central Functions/ Eliminations	Group
Run-off consumer loan portfolio	118,799	–	–	–	–	–	118,799
Acquired loan portfolios	2,231,593	2,194,000	1,797,520	1,181,210	1,182,459	–	8,586,782
Shares and participations in joint ventures	–	–	–	–	–	215,347	215,347
Acquired loans	2,350,392	2,194,000	1,797,520	1,181,210	1,182,459	215,347	8,920,928

Note 2 Financial instruments

SEK thousand	GROUP		SEK thousand	Of which, designated at fair value		SEK thousand	GROUP	
	31 Dec 2015	31 Dec 2014		31 Dec 2015	31 Dec 2014		31 Dec 2015	31 Dec 2014
Opening balance	8,586,782	5,997,935	Opening balance	1,460,229	1,607,061			
Acquisitions	4,370,259	3,226,795	Translation differences	-53,671	94,594			
Translation differences	-315,835	505,071						
Changes in value			Changes in value					
Based on opening balance forecast (amortisation)	-1,587,651	-1,128,103	Based on opening balance forecast (amortisation)	-167,331	-188,953			
Based on revised estimates (revaluation)	-38,856	-14,916	Based on revised estimates (revaluation)	-61,419	-52,473			
Carrying value	11,014,699	8,586,782	Carrying value	1,177,808	1,460,229			
Changes in carrying value reported in the income statement	-1,626,507	-1,143,020	Changes in carrying value reported in the income statement	-228,750	-241,426			

Sensitivity analysis

While Hoist Finance considers the assumptions made in assessing fair value to be reasonable, the application of other methods and assumptions may produce a different fair value. For Level 3 fair value, a reasonable change in one or several assumptions would have the following impact on earnings:

SEK thousand	GROUP	
	31 Dec 2015	31 Dec 2014
Carrying value of loan portfolios	11,014,699	8,586,782
A 5% increase in estimated cash flow over the forecast period (10 years) would increase the carrying value by	540,638	424,369
<i>of which, valued at fair value</i>	<i>58,890</i>	<i>72,804</i>
A 5% decrease in estimated cash flow over the forecast period would reduce the carrying value by	-540,638	-424,369
<i>of which, valued at fair value</i>	<i>-58,890</i>	<i>-72,804</i>
Carrying value of loan portfolios acquired prior to 1 July 2011 (fair value)	1,177,808	1,460,229
A 1% decrease in the market rate of interest would increase the carrying value by	34,774	46,058
A 1% increase in the market rate of interest would reduce the carrying value by	-32,880	-43,483
Shortening the forecast period by 1 year would reduce the carrying value by	-33,073	-48,622
Lengthening the forecast period by 1 year would increase the carrying value by	21,424	43,413

Portfolios valued at fair value through profit or loss

The Group has chosen to categorise portfolios acquired prior to 1 July 2011 as designated at fair value through profit or loss, as these financial assets are managed and their performance is evaluated on a fair value basis in accordance with the Group's risk management policies. Portfolios acquired after that date are valued at amortised cost. Information on the portfolios is provided internally to Group Management on this basis. The underlying concept for valuation at fair value is to assess the carrying value of an asset by using the best available price for the asset. Loan portfolios are typically not traded publicly and, consequently, there are no market prices available. Most participants in the industry, however, apply similar pricing methods for portfolio acquisitions and calculate the present value of cash flows that correspond to the market value of a portfolio.

The primary influencing factors in assessing fair value are:

- the gross collections forecast
- the cost level
- the market discount rate

The Group monitors and evaluates its valuation methods on a regular basis in order to adequately track fluctuations in portfolio value.

The Group monitors the coming ten years' net collection forecasts for all portfolios on a monthly basis and discounts the forecasts accordingly. The portfolio forecast curve initially used in fair value calculations is the portfolio's acquisition curve. These forecast curves serve as the basis for calculating the fair value for each portfolio. The result then represents the portfolio's new fair value.

Note 2

Financial instruments, cont.

The discount rate corresponding to the market rate of return is updated regularly and reflects actual rates of return on relevant and comparable market transactions. The portfolios are valued at a 12 per cent IRR (Internal Rate of Return) over a ten-year period, which is in line with prevailing and relevant market transactions.

Fair value measurements

The Group uses observable data to the greatest possible extent when assessing the fair value of an asset or a liability. Fair values are categorised in different levels based on the input data used in the valuation approach, as per the following:

Level 1) Quoted prices (unadjusted) on active markets for identical instruments.

Level 2) Based on directly or indirectly observable market inputs not included in Level 1. This category includes instruments valued based on quoted prices on active markets for similar instruments, quoted prices for identical or similar instruments traded on markets that are not active, or other valuation techniques in which all important input data is directly or indirectly observable in the market.

Level 3) According to inputs that are not based on observable market data. This category includes all instruments for which the valuation technique is based on data that is not observable and has a substantial impact upon the valuation.

The following table presents the financial instruments referenced in the balance sheet for informational purposes and thus measured at fair value:

Group, 31 Dec 2015

SEK thousand	Loan portfolios	Financing	Carrying value	Fair value	Level 1	Level 2	Level 3
Treasury bills and Treasury bonds		3,077,827	3,077,827	3,077,827	3,077,827		
Acquired loan portfolios							
of which, carried at fair value	1,177,808		1,177,808	1,177,808			1,177,808
of which, carried at amortised cost	9,836,891		9,836,891	10,014,382			10,014,382
Bonds and other securities ¹⁾		1,278,214	1,278,214	1,278,214	1,278,214		
Derivatives		314,680	314,680	314,680		314,680	
Total assets	11,014,699	4,670,721	15,685,420	15,862,911	4,356,041	314,680	11,192,190
Additional purchase price liability		66,489	66,489	66,489			66,489
Derivatives		1,651	1,651	1,651		1,651	
Senior unsecured debt		1,238,469	1,238,469	1,268,327		1,268,327	
Subordinated liabilities		336,892	336,892	407,558		407,558	
Total liabilities		1,643,501	1,643,501	1,744,025		1,677,536	66,489

1) Bonds and other securities include SEK 25m in shares. The shares are reported at acquisition cost as there are no quoted market prices, and it has not been possible to estimate a reliable fair value using accepted valuation methods.

Group, 31 Dec 2014

SEK thousand	Loan portfolios	Financing	Carrying value	Fair value	Level 1	Level 2	Level 3
Treasury bills and Treasury bonds		2,316,110	2,316,110	2,316,110	2,316,110		
Acquired loan portfolios							
of which, carried at fair value	1,460,229		1,460,229	1,460,229			1,460,229
of which, carried at amortised cost	7,126,553		7,126,553	7,311,207			7,311,207
Bonds and other securities ¹⁾		1,926,241	1,926,241	1,926,241	1,926,241		
Total assets	8,586,782	4,242,351	12,829,133	13,013,787	4,242,351		8,771,436
Derivatives		246,724	246,724	246,724		246,724	
Senior unsecured debt		1,493,122	1,493,122	1,681,899		1,681,899	
Subordinated liabilities		332,796	332,796	386,750		386,750	
Total liabilities		2,072,642	2,072,642	2,315,373		2,315,373	

1) Bonds and other securities include SEK 25m in shares. The shares are reported at acquisition cost as there are no quoted market prices, and it has not been possible to estimate a reliable fair value using accepted valuation methods.

Note 2

Financial instruments, cont.

For acquired loan portfolios, the valuation approach, key input data and valuation sensitivity for material changes thereto are described in the same note.

Derivatives used for hedging have been model-valued using interest and currency market rates as input data. Treasury bills and Treasury bonds as well as Bonds and other securities are valued based on quoted rates. Fair value of financing of senior unsecured debt and other subordinated liabilities was determined with reference to amortised cost. Obsevable market rates quoted by external market

players. In cases where more than one market price observation are available the fair value is determined at arithmetic mean of the market quotes. Carrying value for accounts receivable and accounts payable are deemed approximations of fair value. The fair value of current loans corresponds to their carrying value due to the limited impact of discounting.

No transfers between any of the levels took place during the period.

Note 3

Business combinations

On 1 July 2015 Hoist Finance acquired a substantial, diversified loan portfolio in the UK by acquiring all shares in Compello Holdings Ltd, a debt restructuring company with self-owned portfolios operating in the UK and headquartered in Milton Keynes. The acquisition will further strengthen Hoist Finance's market position. The total purchase price of SEK 1.256 billion was paid in cash upon completion of the acquisition. The acquisition is from a cash flow point of view regarded as a portfolio acquisition. The portfolio value at acquisition was SEK 1.502 billion and the outstanding capital claim totalled SEK 33 billion.

Acquired company's net assets at acquisition date:

SEK thousand	
Cash and cash equivalents	23,306
Tangible assets	3,965
Accounts receivable and other receivables	1,506,716
Accounts payable and other liabilities	-131,159
Non-current liabilities to Group companies	-146,419
Total identifiable net assets	1,256,408

The acquisition balance sheet included SEK 1.256 billion in net assets, including SEK 23.3 million in cash and cash equivalents. Acquisition-related expenses are estimated at SEK 17.8 million and include a stamp duty of approximately SEK 6.2 million. Compello Holdings Ltd. had SEK 104.3 million in income during the first six months of 2015 and an operating profit of SEK 26.2 million. The acquisition will not give rise to any acquisition goodwill, as the entire purchase price is related to the debt portfolios and other current receivables. Compello Holdings Ltd has been consolidated into Hoist Finance Group as of July 2015. The acquisition calculation is preliminary.

In December 2014 Hoist Kredit acquired 100 per cent of the shares in Kancelaria Navi Lex. As at 31 December 2014, SEK 8.5 million of the purchase price remained unsettled. The amount was paid during the first quarter of 2015.

Since the acquisition took place as late as 30 December 2014, additional purchase price was not included in the acquisition analysis. The analysis was adjusted during Q1 2015 to take into account additional purchase price, which may range between SEK 0 million and SEK 83 million until 2018. Management's assessment is that the maximum additional purchase price will be payable, which is why SEK 81.4 million is referenced in the acquisition analysis. The discount effect of the additional purchase price totals SEK 5 million and gives rise to an additional surplus value of SEK 76.4 million. Of the additional purchase price, SEK 9.4 million has been paid. The entire amount is attributable to goodwill. During the forth quarter an adjustment to the acquisition calculation of SEK 1.8 million against goodwill has been made due to new assumptions. Goodwill is primarily attributable to the Group's base and organisation being well suited for further expansion on the Polish NPL market. Navi Lex has an experienced management team and an efficient organisation with excellent market knowledge and a network of contacts for acquiring portfolios and managing collection operations. The Navi Lex collection system and call centre infrastructure is also well invested. External collection agencies were used for the Polish portfolios prior to the acquisition; this is now done internally via Navi Lex, which significantly reduces collection costs.

Hoist Kredit acquired Cruz's 10 per cent minority shareholding in Hoist Kredit's subsidiary Hoist Finance UK Ltd for a total purchase price of SEK 40.1 million, of which SEK 32.6 million was cash-based.

Note 4 Capital adequacy

This note provides information required to be disclosed under the provisions of FFFS 2008:25 regarding annual accounts for credit institutions and FFFS 2014:12 regarding prudential requirements and capital buffers. The information relates to Hoist Finance on a consolidated basis ("Hoist Finance") and Hoist Kredit AB ("Hoist Kredit"), the regulated entity. The only difference between the consolidated accounts and the consolidated situation for capital adequacy purposes is that the equity method is applied in the consolidated accounts whereas the proportional method is applied for the joint venture in relation to capital adequacy reporting. When establishing the company's statutory capital requirements the following laws and regulations apply: EU regulation No 575/2013 on prudential requirements for credit institutions and investment firms; Swedish law 2014:968, Special supervision of credit

institutions and securities companies; and Swedish law 2014:966 on capital buffers. These laws and regulations are aimed at ensuring that the licensed institution and its consolidated situation manage their risks and that customers are protected. The regulations specify that the capital base shall cover capital requirements, including minimum capital requirements (capital requirements for credit risk, market risk and operational risk), and capital requirements for all other essential risks i.e. Pillar 2 risks.

Own funds

The table below shows own funds for Hoist Finance and for the regulated entity Hoist Kredit that are used to meet capital adequacy requirements.

Capital adequacy assessment

Own funds, SEK thousand	Hoist Finance consolidated situation		Hoist Kredit AB (publ)	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Capital instruments and the related share premium accounts	1,286,805	529,971	482,963	482,963
Retained earnings	316,687	194,909	192,023	390,695
Accumulated comprehensive income and other reserves	361,363	399,206	1,062,749	304,267
Independently reviewed interim profits net of foreseeable charge or dividend ¹⁾	161,366	175,103	231,102	4,734
Intangible assets (net of related tax liabilities)	-235,632	-171,048	-42,278	-45,273
Deferred tax assets that rely on future profitability	-62,688	-70,885	-2,224	-1,249
Common Equity Tier 1	1,827,901	1,057,257	1,924,335	1,136,136
Capital instruments and the related share premium accounts	93,000	93,000	93,000	93,000
Additional Tier 1 capital	93,000	93,000	93,000	93,000
Tier 1 capital	1,920,901	1,150,257	2,017,335	1,229,136
Capital instruments and the related share premium accounts	336,892	332,796	336,892	332,796
Regulatory adjustments	-	-106,655	-	-111,815
Tier 2 capital	336,892	226,141	336,892	220,981
Total own funds for capital adequacy purposes	2,257,793	1,376,398	2,354,227	1,450,118

1) Regulatory dividend deduction is calculated at 30% of net profit for the year, the maximum dividend allowed under the Group's internal dividend policy.

Capital requirements

The tables below shows the risk exposure amounts and minimum capital requirements per risk category for Hoist Finance and the regulated entity Hoist Kredit.

Risk exposure amounts, SEK thousand	Hoist Finance consolidated situation		Hoist Kredit AB (publ)	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Exposures to central governments or central banks	0	0	0	0
Exposures to regional governments or local authorities	0	0	0	0
Exposures to institutions	339,617	489,562	195,897	116,172
<i>of which, counterparty credit risk</i>	<i>89,598</i>	<i>21,268</i>	<i>89,598</i>	<i>21,268</i>
Exposures to corporates	136,601	146,279	8,789,030	5,316,830
Retail exposures	43,774	102,772	43,774	98,109
Exposures in default	11,244,739	8,837,997	2,646,612	2,925,471
Exposures in the form of covered bonds	126,821	192,624	126,821	192,624
Other items	320,316	233,012	707,979	1,749,196
Credit risk (standardised approach)	12,211,868	10,002,246	12,510,113	10,398,402
Market risk (foreign exchange risk - standardised approach)	26,573	137,565	26,573	137,565
Operational risk (basic indicator approach)	2,600,728	1,167,241	755,709	513,107
Credit valuation adjustment (standardised approach)	664	-	664	-
Total risk exposure amount	14,839,833	11,307,052	13,293,059	11,049,074

Note 4 **Capital adequacy, cont.**

Own funds requirements, SEK thousand	Hoist Finance consolidated situation		Hoist Kredit AB (publ)	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Pillar 1				
Exposures to central governments or central banks	0	0	0	0
Exposures to regional governments or local authorities	0	0	0	0
Exposures to institutions	27,169	39,165	15,672	9,294
<i>of which, counterparty credit risk</i>	<i>7,168</i>	<i>1,701</i>	<i>7,168</i>	<i>1,701</i>
Exposures to corporates	10,928	11,702	703,122	425,346
Retail exposures	3,502	8,222	3,502	7,849
Exposures in default	899,579	707,039	211,729	234,038
Exposures in the form of covered bonds	10,146	15,410	10,146	15,410
Other items	25,625	18,643	56,637	139,935
Credit risk (standardised approach)	976,950	800,181	1,000,808	831,872
Market risk (foreign exchange risk-standardised approach)	2,126	11,005	2,126	11,005
Operational risk (basic indicator approach)	208,058	93,379	60,457	41,049
Credit valuation adjustment (standardised approach)	53	-	53	-
Total own funds requirement – Pillar 1	1,187,188	904,564	1,063,445	883,926
Pillar 2				
Concentration risk	82,671	9,360	82,671	9,360
Interest rate risk in the banking book	71,453	37,550	71,453	37,550
Pension risk	5,358	-	-	-
Other Pillar 2 risks	23,656	21,541	24,421	21,541
Total own funds requirement – Pillar 2	183,138	68,451	178,546	68,451
Capital buffers				
Capital conservation buffer	370,996	282,676	332,326	276,227
Countercyclical buffer	2,456	-	5,876	-
Total own funds requirement – Capital buffers	373,452	282,676	338,202	276,227
Total own funds requirements	1,743,777	1,255,691	1,580,193	1,228,604

Note 4

Capital adequacy, cont.

Capital requirements and capital buffers

Regulation (EU) 575/2013 of the European Parliament and the Council, which took effect on 1 January 2014, requires credit institutions to maintain Common Equity Tier 1 capital of at least 4.5 per cent, Tier 1 capital of at least 6 per cent, and a total capital ratio (capital in relation to risk-weighted exposure amount) of 8 per cent. On 2 August 2014, when Swedish implementation of the Capital Requirements Directive entered into force, credit institutions became required to maintain specific capital buffers. Hoist Finance is currently required to maintain

a capital conservation buffer of 2.5 per cent of the total risk exposure amount and an institution-specific countercyclical buffer of 0.02 per cent of the total risk exposure amount. The table below shows CET1 capital, Tier 1 capital and the total capital ratio for Hoist Finance and for the regulated entity Hoist Kredit. The table also shows the total regulatory requirements for each Pillar.

All capital ratios exceed the minimum requirements and capital buffer requirements by a good margin of safety.

Capital ratios and capital buffers, %	Hoist Finance consolidated situation		Hoist Kredit AB (publ)	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Common Equity Tier 1 capital ratio	12.32	9.35	14.48	10.28
Tier 1 capital ratio	12.94	10.17	15.18	11.12
Total capital ratio	15.21	12.17	17.71	13.12
Institution-specific buffer requirements for CET1 capital	7.02	7.00	7.04	7.00
of which, capital conservation buffer requirement	2.50	2.50	2.50	2.50
of which, countercyclical capital buffer requirement	0.02	–	0.04	–
Common Equity Tier 1 capital available to meet buffers¹⁾	6.94	4.17	9.18	5.12

1) CET1 ratio as reported, less minimum requirement of 4.5 per cent (excluding buffer requirements) and less any CET1 items used to meet the Tier 1 and total capital requirements.

Internally assessed capital requirement

The internally assessed capital requirement for Hoist Finance consolidated situation totalled SEK 1,370m (973) at 31 December 2015, of which SEK 183m (68) is attributable to Pillar 2. The capital requirement was increased following the adjustment of methods for assessing capital requirements.

Note 4

Capital adequacy, cont.

Liquidity risk

Liquidity risk is the risk of being unable to meet payment obligations due to insufficient liquidity. Liquidity risk for Hoist Finance is associated primarily with the Group's financing, which is based on deposits from the public and outflows of deposits on short notice. Hoist Finance's liquidity risk is low due to the fact that

- deposits from the public are well diversified
- more than 99 per cent of deposits are covered by state-provided deposit insurance
- the amount of deposits is managed by adjusting reference interest rates, and
- fixed-rate financing covers over 80 per cent of Hoist Finance's non-current assets (acquired loan portfolios)

Pursuant to Swedish Financial Supervisory Authority regulations regarding management of liquidity risks in credit institutions and investment firms (FFFS 2010:7), Hoist Kredit and Hoist Finance consolidated situation shall maintain a separate reserve of high-quality liquid assets to secure their short-term capacity to meet payment obligations in the event of lost or impaired access to regularly available funding sources. The liquidity reserve of Hoist Finance is comprised of unencumbered assets that enable rapid liquidity creation at foreseeable values, including:

- cash at credit institutions
- deposits with other credit institutions available the following day, and
- other assets that are both liquid on private markets and eligible for refinancing by central banks.

Liquidity position, SEK thousand	Hoist Finance consolidated situation		Hoist Kredit AB (publ)	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Deposits and borrowing from the public	12,791,377	10,987,289	12,791,377	10,987,289
Liquidity reserve ¹⁾	5,232,891	5,348,625	4,337,343	4,394,508
Available liquidity, minimum of SEK 2,544m ²⁾	5,243,464	5,531,632	4,347,916	4,577,515
Liquidity reserve/deposits and borrowing from the public, %	40.91	48.68	33.91	40.00
Available liquidity/deposits and borrowing from the public, %	40.99	50.35	33.99	41.66

1) Defined as cash at credit institutions available the next day and liquid interest-bearing instruments eligible for refinancing via the Swedish Central Bank.

2) Defined as liquidity available within three days.

Liquidity funding, SEK thousand	Hoist Finance consolidated situation		Hoist Kredit AB (publ)	
	31 dec 2015	31 dec 2014	31 dec 2015	31 dec 2014
Deposits and borrowing from the public, flexible	8,226,925	7,559,043	8,226,925	7,559,043
Deposits and borrowing from the public, fixed	4,564,452	3,428,246	4,564,452	3,428,246
Senior unsecured debt	1,238,469	1,493,122	1,238,469	1,493,122
Convertible debt instruments	93,000	93,000	93,000	93,000
Subordinated liabilities	336,892	332,796	336,892	332,796
Shareholders' equity	2,195,760	1,304,190	2,037,994	1,182,658
Other	795,980	851,432	555,408	503,268
Balance sheet total	17,451,477	15,061,829	17,053,139	14,592,133

Assurance

The Board of Directors and the CEO hereby give their assurance that the interim financial statements provide a true and fair view of the business activities, financial position and results of operations of the Group and the Parent Company, and describes the significant risks and uncertainties to which the Parent Company and Group companies are exposed.

Stockholm, 10 February 2016

Ingrid Bonde
Chair of the Board

Liselotte Hjorth
Board member

Annika Poutiainen
Board member

Per-Eric Skotthag
Board member

Costas Thoupos
Board member

Gunilla Wikman
Board member

Jörgen Olsson
CEO
Board member

Definitions

Acquired loans	The total of acquired loan portfolios, run-off consumer loan portfolios and shares and participations in joint ventures.
Acquired loan portfolios	An acquired loan portfolio consists of a number of defaulted consumer loans or debts that arise from the same originator.
Common Equity Tier 1 ratio	The ratio numerator is the sum of shares issued by the company, share premium reserve, retained earnings, other income, and other reserves after deductions for primary deferred tax assets, intangible fixed assets and goodwill. The ratio denominator is the company's risk-weighted exposure amount.
Cost/Gross cash collections on acquired loan portfolios	Operating expenses less fee and commission income and other income, divided by the sum of gross cash collections and income from the run-off consumer loan portfolios.
Earnings per share	Profit for the period attributable to parent company shareholders in relation to the average number of outstanding shares.
EBIT	Earnings Before Interest and Tax.
EBIT margin	EBIT (operating earnings) divided by total revenue.
Fee and commission income	Commission generated from third-party collection services.
Gross cash collections	Gross cash flow from the Group's customers on loans included in the Group's acquired loan portfolios.
Gross 120-month ERC	"Estimated Remaining Collections" - i.e. the estimated remaining gross collection amount on acquired loan portfolios for the coming 120 months.
Liquidity ratio	Cash in bank accounts and high-grade liquid bonds that can be made liquid within three days, divided by total deposits from the public.
Net revenue from acquired loans	The sum of gross cash collections from acquired loan portfolios and income from the run-off consumer loan portfolio, less portfolio amortisation and revaluation.
Non-performing loans	An originator's loan is non-performing as at the balance sheet date if it is past due or will be due shortly.
Portfolio amortisation	The share of gross cash collections that will be used for amortising the carrying value of acquired loan portfolios.
Portfolio revaluation	Changes in the portfolio value based on revised estimated remaining collections for the portfolio.
Return on assets	Net profit for the period divided by average total assets.
Return on shareholders' equity	Net profit for the period divided by average shareholders' equity during the period.
Total capital ratio	The company's CET1 capital, additional Tier 1 capital and Tier 2 capital divided by the company's risk-weighted exposure amount.
Total revenue	Total of net revenue from acquired loan, fee and commission income, profit from joint ventures and other income.

Our Mission – Your Trust

Hoist Finance is a leading debt restructuring partner to international banks. Present in eight countries across Europe, we offer a broad spectrum of flexible and tailored solutions for the acquisition and management of non-performing unsecured consumer loans.

In Sweden, we offer the HoistSpar retail deposit service with approximately 85,000 active accounts.

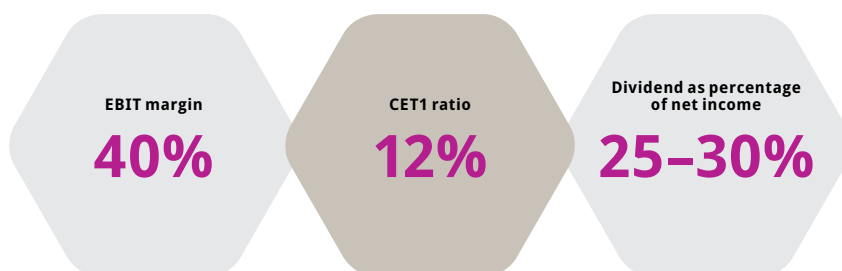
Our business model



Specialisation, experience and a data-driven acquisition strategy allow Hoist Finance to acquire attractive portfolios of non-performing unsecured consumer loans.

Our proven model for amicable settlements generates stable, predictable and long-dated cash flows.

Our medium-term financial targets



Our strategies

- Strengthen and expand position in current markets and grow in selected new markets
- Maintain acquisition model and focus on core assets
- Build on our status as a regulated credit institution
- Develop debt management models focused on amicable in-house collections
- Leverage existing economies of scale
- Maintain and develop unique funding base and leverage on solid capital and liquidity positions

Information

Financial calendar 2016

The annual report will be published on our homepage at the latest

4 April 2016

Annual General Meeting

29 April 2016

Interim report Q1

29 April 2016

Interim report Q2

28 July 2016

Interim report Q3

28 October 2016

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