Hoist Finance takes mitigation actions and will continue to grow

Following the announcement by the Swedish Financial Supervisory Authority on 18 December 2018 regarding new interpretation of risk weights for purchased defaulted assets; the Board of Hoist Finance has today, 20 December 2018, decided to take the following actions.

Dividend

Given the exceptional circumstances, the Board will for the years of 2018 and 2019 recommend to the Annual General Meeting (AGM) to deviate from the established dividend policy. The Board recommends not to pay any dividend for 2018 nor any dividend in respect of 2019. This will increase the CET1 ratio by an estimated 0.6 percentage points at year end 2018 and support further growth in 2019.

Capitalization target range

In light of revised risk weights which do not reflect any increase in underlying risk, the Board has reviewed the capitalization target and decided to reduce the CET1 management target range with 0.75 percentage points. This corresponds to a new target range of 1.75-3.75 percentage points above the regulatory requirement.

The combined effect of these two measures would have brought pro-forma CET1 capital ratio as per end of Q3 2018 within the management target range.

Structural measures

Hoist Finance is accelerating the process to implement an IRB model that reflects the underlying risk in the portfolios. Steps are also taken to assess and establish alternative investment fund structures. By completing these actions, the company set out to mitigate unjustified increases in risk weights.

"By taking these actions, we are confident that our capital is sufficient and we don't see the need to raise additional equity now" says Ingrid Bonde, Chair of the Board at Hoist Finance.

"We see very attractive growth opportunities for Hoist Finance in 2019 and beyond, and remain determined to deliver on our strategy of growth and operational improvements in a very attractive market", says Klaus-Anders Nysteen, CEO of Hoist Finance.

For further information, please contact:

Julia Ehrhardt

Acting Group Head of Investor Relations

Tel: +46 70 591 73 11

About Hoist Finance

Hoist Finance is a trusted debt restructuring partner to international banks and financial institutions. We are specialised in serving banks in handling non-performing loans, and supporting individuals in becoming debt free. Through expertise and rigorous compliance we earn the banks' trust. Through respect, honesty and fairness we earn the trust of our customers. For further information, please visit hoistfinance.com.