

Interim report Q1 2020

Our vision and promise to our customers and partner banks is to stand by your side. We are experts in helping people keep their financial commitments, and we will continue to do so during this pandemic.”

Klaus-Anders Nysteen, CEO

Events during the quarter

- » Ensured business continuity during the Covid-19 outbreak, securing customer interactions through fully operational contact centres.
- » Impairment of Spanish portfolios due to acceleration of operational challenges.
- » Establishment of new sustainability strategy. The strategy outlines ESG goals and indicators, which together with the extensive reporting puts Hoist Finance as a front-runner in the debt management industry.
- » Successful AT1 issue further strengthening the capital structure.

87%

C/I ratio excluding items affecting comparability

Target 65%

9.52%

CET1 ratio

5%

Return on equity excluding items affecting comparability

Target >15%

17%

Portfolio growth over the last 12-month period

Key ratios¹⁾

SEK m	Quarter1 2020	Quarter1 2019	Change, %	Full-year 2019
Net operating income	529	774	-32	3,038
Profit before tax	-61	226	-127	748
Net profit	-44	176	-125	605
Basic and diluted earnings per share, SEK	-0.69	1.79	-139	6.07
Net interest income margin, %	12	14	-2 pp	13
C/I ratio, %	111	71	40 pp	76
Return on equity, %	-7	17	-24 pp	13
Portfolio acquisitions	545	610	-11	5,952
EBITDA, adjusted	1,304	1,067	22	4,414

SEK m	31 Mar 2020	31 Dec 2019	Change, %
Acquired loans	24,906	24,513	2
Gross 180-month ERC	39,305	38,874	1
Total capital ratio, %	14.83	14.01	0.82 pp
CET1 ratio, %	9.52	9.94	-0.42 pp
Liquidity reserve	9,437	8,024	18
Number of employees (FTEs)	1,623	1,575	3

1) See Definitions.

Helping our customers through the crisis

Our vision and promise to our customers and banking clients is to be By Your Side. Hoist Finance is a specialist in Helping People Keep Their Commitments, and we are doing exactly that during the pandemic. Our contact centres are fully operational with all employees working remotely throughout the entire organisation. This means that we continue to have the same important daily customer interactions as before, doing what we do best, which is finding ways for our customers to navigate through challenging times.

Adapting to a new reality

As lockdowns were imposed in our markets, the customer dialogues started to change. We have observed an increase in customers asking for a postponement or a temporary reduction of their monthly installments. As we have seen historically in times of crisis, certain delays in collections are to be expected, but not a shortfall.

In response to the Covid-19 outbreak, we launched group wide updated customer principles. These principles recognise the current challenges and aim to protect the most vulnerable customers from further financial stress. Our customers typically have a long-term relationship with Hoist Finance, and we are adapting our practices to the current environment. This is of utmost importance in order to keep building long-term sustainable customer relationships.

Significant financial effects from lockdowns

First quarter collection performance finished at 101 per cent. Adjusted for the shortfall in Spain, collection performance was 107 per cent. In addition to Spain, collections in Greece were to a greater extent negatively affected. Our largest markets, Italy, UK, Poland and France did however hold up relatively well. There is naturally a difference between unsecured and secured NPLs. As courts in some markets have closed temporarily, legal collection is delayed. For unsecured NPL collections, payment plans total 45 per cent of overall collection. Towards the end of the quarter we have seen drop off rates increasing by about 15 per cent on average. We estimate that collection performance in the second quarter on an aggregated basis will be around 90 per cent, but naturally there is some uncertainty around this number.

Strong baseline

I am happy about the strength of our balance sheet. The liquidity position remains very strong and has not changed since the fourth quarter of 2019. The deposit-based funding model is robust and gives Hoist Finance unrivalled access to funding which allows for optimisation of duration and yield. We are pleased to have issued EUR 40m of Additional Tier 1 capital, which further strengthened our capital structure. Altogether, this means that we do not have any further capital market activities planned in the near term.

The operational cash flow has continued to develop favourably, while portfolio investments were at one of the historically lowest levels seen. We believe that investments are going to be limited both in the second and third quarter, but we hope that the fourth quarter this year will be closer to a normal level. In the longer term, we expect European banks to recognise new credit losses, which in turn creates a higher supply of non-performing loans. In research papers, Italian NPL volumes are expected to increase by EUR 50-80bn and on top of that, we will see a shift of "Unlikely to Pay"-volumes to NPLs. We expect similar effects in other markets.

Increased ambition on cost savings program

We are on track to deliver on our cost savings target of SEK 300m. However, we recognise that there is an even greater potential in this target, and have consequently increased our ambition to SEK 400m. The most important initiatives are digitalisation, shared service centre and nearshoring. We have proven that we can deliver on these initiatives in the past and we are confident that we will reach this increased target by the end of 2022.



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Our focus during the outbreak of Covid-19 has been to keep our employees safe and support our customers in the best way possible

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New sustainability strategy

Dealing with the crisis in a safe way has been our priority since the Covid-19 outbreak in Europe. However, we also continue to look ahead and beyond. We are proud to have launched our ESG strategy and updated the Hoist Finance brand. The ESG strategy focuses on four core ESG pillars: contributing to an inclusive financial ecosystem, creating a great place to work, combatting climate change, and upholding the highest ethical standards. We have launched new customer centric web pages in almost all markets as well as initiated exciting collaborations with partners such as AppJobs. We are optimistic about offering our unemployed customers a platform that could provide a way back to employment. We have also initiated a partnership with Attila von Unruh, an Ashoka fellow and founder of Team-U, which is an organisation supporting SMEs in financial difficulties to avoid insolvency or bankruptcy.

Positive signs

As I write this well into the second quarter, there are positive signs across multiple markets that the most severe restrictions could be lifted in the near term. This suggests that the most immediate threat from Covid-19 is reduced. However, to work through the consequences will take time and effort. In challenging times, I believe our customers and banking clients need a strong partner to rely on. Hoist Finance has the experience, strength and the professionalism to help.

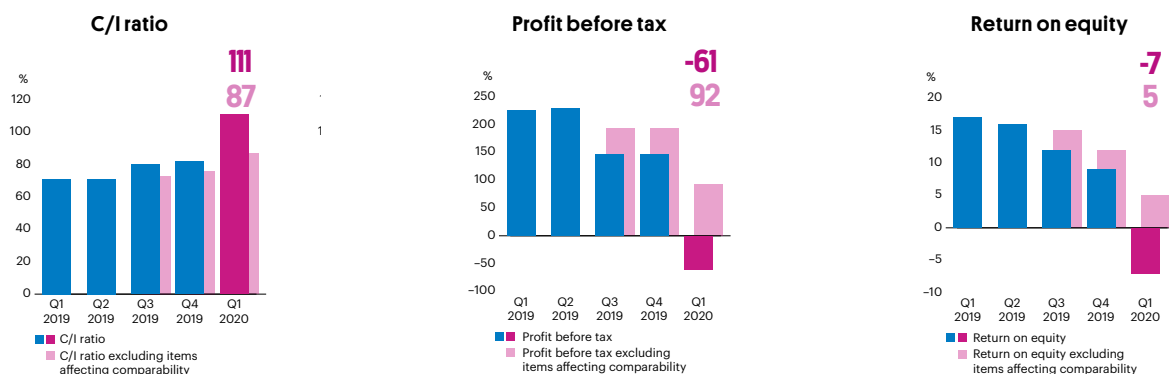
I am looking forward to connecting with you soon, hopefully in person and not only online. Stay safe.

Best Regards,

Klaus-Anders Nysteen
CEO

Developments during first quarter 2020

Unless otherwise indicated, all comparatives for market, financial and operational information refers to first quarter 2019. Comparables for balance sheet items refer to the closing balance at 31 December 2019.



Operating income

Interest income on acquired loan portfolios increased 10 per cent during the quarter to SEK 892m (810), driven mainly by portfolio growth in France and Poland during the last six months of 2019. Other interest income totalled SEK 1m (0). Interest expense for the quarter increased to SEK -164m (-104). The increase is mainly attributable to interest expense for deposits from the public, with increased volumes in both Sweden and Germany. The securitisation of Italian loan portfolios during Q4 2019 also resulted in higher interest expense as compared with the comparative period.

Impairment gains and losses totalled SEK -178m (51) during the quarter. Major portfolio revaluations were conducted during the quarter, primarily in Spain, and amounted to SEK -106m. Collections in Spain have been unsatisfactory for quite some time, despite changes implemented to improve profitability. Collections in Spain remained weak during the first quarter due to the widespread impact of Covid-19 in the country, and we no longer expect previous efforts to generate a satisfactory outcome. Secured portfolios in France and Italy have also been revalued. These revaluations relate to a delay of future collections, rather than a shortfall. Finally, a number of portfolios in Belgium was revalued as a result of favorable timing of collections in the quarter. The price of a number of portfolios in the UK was adjusted as a result of a guarantee commitment, resulting in an impact on earnings of SEK 47m in impairment gains and losses. Adjusted for price adjustments, portfolio revaluations totalled SEK -202m. Collections exceeding forecast during the quarter totalled SEK 24m, corresponding to 101 per cent of the projected level. The Italian, French, Dutch and Belgian markets contributed positively, while Greece and Spain had a negative impact on collections exceeding forecast. Excluding secured portfolios, where collection in the quarter exceeded expectations, collection amounted to 98 per cent of expected level.

Fee and commission income decreased somewhat to SEK 26m (32). Net result from financial transactions totalled SEK -53m (-16) during the quarter. Hoist Finance hedges its exposure to interest rate increases and, accordingly, net result from financial transactions was impacted by a decline in market rates. This resulted in unrealised losses of SEK -31m during the quarter. Hoist Finance's interest rate hedging positions are designed to be neutral over time. Hoist Finance also maintains a large liquidity buffer comprised of bonds of high credit quality. The market value of this type of bond decreased during the quarter, leading to unrealised losses of SEK -16m. Other operating income totalled SEK 6m (4).

Operating expenses

Personnel expenses increased during the quarter to SEK -219m (-208), attributable mainly to Italy and Poland. During second quarter 2019 Hoist Finance acquired Maran Group, an Italian credit management service company, as well as GetBack, a Polish debt restructuring company. The full effect of these acquisitions was realised this quarter, though not during the comparative quarter. Collection costs increased to SEK -205m

(-190), with the increase attributable to Spain and Poland. In Spain, legal collection costs increased SEK -10m due to the increased number of lawsuits filed. The increase in collection costs in Poland is driven by portfolio growth.

Administrative expenses increased SEK -19m to SEK -153 (-134). The main cost increase is related to IT outsourcing which, because Hoist Finance previously had in-house IT staff, will result in lower costs over time. Depreciation and amortisation of tangible and intangible assets totalled SEK -30m (-29). Total operating expenses amounted to SEK -607m (-561).

Net profit for the period

Profit from participations in joint ventures increased year-on-year and totalled SEK 17m (13).

Income tax expense totalled SEK 17m (-50). Net profit totalled SEK -44m (176).

Balance sheet

Total assets increased SEK 1,705m as compared with 31 December 2019 and totalled SEK 36,092m (34,387). The change is primarily due to an increase of SEK 1,282m in cash and interest-bearing securities and an increase of SEK 399m in acquired loan portfolios.

Funding and capital structure

SEKm	31 Mar 2020	31 Dec 2019	Change, %
Cash and interest-bearing securities	9,855	8,573	15
Acquired loan portfolios	24,702	24,303	2
Other assets ¹⁾	1,535	1,511	2
Total assets	36,092	34,387	5
Deposits from the public	22,289	21,435	4
Issued securities	6,156	5,900	4
Subordinated debt	914	852	7
Total interest-bearing liabilities	29,359	28,187	4
Other liabilities ¹⁾	1,474	1,302	13
Equity	5,259	4,898	7
Total liabilities and equity	36,092	34,387	5

1) This item does not correspond to an item of the same designation in the balance sheet, but to several corresponding items.

Total interest-bearing debt amounted to SEK 29,359m (28,187). The change is mainly attributable to deposits from the public, which increased SEK 854m. Hoist Finance funds its operations through deposits in Sweden and in Germany as well as through the international bond market and the Swedish money market. In Sweden, deposits from the public under the HoistSpar brand amounted to SEK 11,960m (12,243), of which SEK 6,355m (6,400) is attributable to fixed term deposits of one-, two- and three-year durations. In Germany, deposits to retail customers are offered under the Hoist Finance name. At 31 March 2020, deposits from the public in Germany were SEK 10,329m (9,192), of which SEK 7,673m (6,163) is attributable to fixed term deposits of one- to five-year durations. At 31 March 2020, the outstanding bond debt totalled SEK 7,070m (6,752), of which SEK 6,156m (5,900) was comprised of issued securities. The change in issued securities is attributable to currency effects and accrued interest. Other liabilities increased SEK 172m to SEK 1,474m (1,302).

Equity totalled SEK 5,259m (4,898). The increase is due to a Tier 1 capital contribution of EUR 40m. The instrument has no scheduled maturity date, although the issuer may redeem the instrument after five years, and carries a coupon rate of 7.75 per cent.

Cash flow

SEK m	Quarter 1 2020	Quarter 1 2019	Full-year 2019
Cash flow from operating activities	1,222	468	3,117
Cash flow from investing activities	-1,958	-602	-5,098
Cash flow from financing activities	456	678	3,923
Cash flow for the period	-280	544	1,942

Cash flow from operating activities totalled SEK 1,222m (468). Amortisation of acquired loan portfolios during the first quarter totalled SEK 916m (731), with the increase attributable to portfolio growth during 2019. Cash flow from other assets and liabilities amounted to SEK 202m (-537).

Cash flow from investing activities totalled SEK -1,958m (-602). Portfolio acquisitions decreased somewhat as compared with first quarter 2019, to SEK -545m (-610).

Cash flow from financing activities totalled SEK 456m (678). Net cash flow to deposits from the public totalled SEK 218m (1,139) during the first quarter. Repurchase and repayment of issued debt securities during the quarter totalled SEK -158m and pertains to commercial paper maturity and to senior note repayment in securitisation company Marathon SPV S.r.l. Other cash flows from financing activities pertains to amortisation of lease liability and to acquisition of treasury shares.

Total cash flow for the quarter amounted to SEK -280m, as compared with SEK 544m for first quarter 2019.

Significant risks and uncertainties

Hoist Finance is exposed to a number of uncertainties through its business operations and as a result of its broad geographical presence. New and amended bank and credit market company regulations may affect Hoist Finance both directly (e.g. via Basel IV capital and liquidity regulations) and indirectly through the impact of similar regulations on the market's supply of loan portfolios. Hoist Finance's cross-border operations entail consolidated tax issues relating to subsidiaries in several jurisdictions. The Group is, therefore, exposed to potential tax risks arising from varying interpretations and applications of existing laws, treaties, regulations, and guidance.

Development of risks

Credit risk for Hoist Finance's loan portfolios is regularly monitored to assess ways in which the challenging situation caused by the coronavirus is impacting the portfolios' valuation. The value of several loan portfolios in Spain was written down during the first quarter. As previously communicated, collections in Spain have been lower than forecast for quite some time and, due to the dramatic impact of current crisis in the country, future recovery will be difficult. There is an increased risk that additional write-downs of loan portfolios will be made in coming quarters. In order to diversify the existing stock of assets in a positive way from a risk perspective, Hoist Finance will continue to assess upcoming opportunities to acquire portfolios of non-performing secured loans as well as portfolios of performing loans.

Credit risk in the liquidity portfolio remains low, as investments are made in government, municipal and covered bonds of high credit quality. However, financial market turbulence increased during the quarter. An increased credit risk spread, mainly on covered bonds, has resulted in lower market values, and hence unrealised losses on these instruments during the quarter.

Hoist Finance has an internal framework which serves as the foundation for follow-up and oversight of the Group's operational risks. The Group is committed to continuously improving the quality of its internal procedures to minimise operational risks. A significant number of Hoist Finance employees worked remotely during the quarter. This is not deemed to have any material impact on operational risks. The level of operational risks is therefore deemed to be unchanged from the previous quarter.

Market risks remain low, as Hoist Finance continuously hedges interest rate and FX risks in the short and medium term.

Liquidity risk was low during the quarter. Hoist Finance's liquidity reserve exceeds Group targets by a healthy margin.

In parallel with its work to develop capital market instruments for risk transfer to external counterparties, Hoist Finance continues to evaluate the option of seeking a permit to apply an internal ratings-based (IRB) approach to calculate risk-weighted assets with regards to credit risk. The regulatory aspects of the IRB approach for an institution like Hoist Finance have been evaluated. Hoist Finance has subsequently initiated a recruitment process to hire relevant expertise to prepare an application regarding such an IRB approach for submission to the Swedish Financial Supervisory Authority.

Other disclosures

Parent Company

Net interest income for the Parent Company totalled SEK 304m (350) during the first quarter. The decrease is mainly attributable to higher interest expense, which increased SEK -44m due to greater deposit volumes in the German market and to higher funding costs for issued bonds.

Net operating income totalled SEK 304m (376). Net result from financial transactions amounted to SEK -71m (-43) and was impacted by lower market values of bonds in the liquidity portfolio during the quarter. Net result from financial transactions was also negatively affected by changes in value for interest rate derivatives and by exchange rate fluctuations for assets and liabilities in foreign currencies.

Other income totalled SEK 71m (70) and is mainly attributable to management fees invoiced to subsidiaries.

Operating expenses totalled SEK -303m (-266). The increase is primarily related to costs for IT outsourcing and to other intra-group costs.

Operating profit totalled SEK 1m (155).

Impairment losses of SEK -18m (30) are attributable to the difference between actual and projected collections, to portfolio revaluations and to loss allowances for performing loans. Shares in participating interests totalled SEK 18m (15).

Net profit for the period totalled SEK -7m (121) and the tax expense totalled SEK -8m (-34). A large portion of the period's tax expense (SEK -6m) is attributable to tax pertaining to previous years.

Related-party transactions

The nature and scope of related-party transactions are described in the Annual Report.

Group structure

Hoist Finance AB (publ), corporate identity number 556012-8489, is the Parent Company in the Hoist Finance Group. Hoist Finance is a Swedish publicly traded limited liability company headquartered in Stockholm, Sweden. Hoist Finance AB (publ) has been listed on NASDAQ Stockholm since March 2015.

Hoist Finance AB (publ) is a credit market company under the supervision of the Swedish FSA. The operating Parent Company, including its subgroup, acquires and holds loan portfolios, which are managed by the Group's subsidiaries or foreign branch offices. These units also provide commission-based administration services to third parties.

The remaining 80 per cent of the Romanian company Maran CSRO S.r.l was acquired during the quarter, as part of the establishment of a nearshoring office in Romania. The company is fully consolidated in the consolidated financial statements. The acquisition price totalled SEK 7m.

For a more detailed description of the Group's legal structure, please refer to the 2019 Annual Report.

The share and shareholders

The number of shares totalled 89,303,000 at 31 March 2020, unchanged from 31 December 2019.

The share price closed at SEK 24.66 on 31 March 2020. A breakdown of the ownership structure is presented in the table below. As at 31 March 2020 the Company had 6,990 shareholders, compared with 7,429 at 31 December 2019.

Ten largest shareholders, 31 Mar 2020	Share of capital and votes, %
Erik Selin Fastigheter AB	14.0
Swedbank Robur Funds	9.1
Avanza Pension	7.4
Per Arwidsson privately and through companies	3.5
Dimensional Fund Advisors	3.4
Confederation of Swedish Enterprise	3.4
BlackRock	3.0
Jörgen Olsson privately and through companies	2.9
Carve Capital AB	2.8
Per Josefsson privately and through companies	2.2
Ten largest shareholders	51.7
Other shareholders	48.3
Total	100.0

Source: Modular Finance AB per 31 March 2020; ownership statistics from Holdings, Euroclear Sweden AB; and changes confirmed and/or registered by the Company.

Review

This interim report has been reviewed by the Company's auditors.

Subsequent events

No significant events occurred after the balance sheet date.

Quarterly review

SEK million	Quarter 1 2020	Quarter 4 2019	Quarter 3 2019	Quarter 2 2019	Quarter 1 2019
Interest income acquired loan portfolios	892	865	836	848	810
Other interest income	1	-3	-2	3	0
Interest expense	-164	-149	-138	-105	-104
Net interest income	729	713	696	746	706
Impairment gains and losses	-178	22	12	35	51
Fee and commission income	26	30	29	30	32
Net result from financial transactions	-53	1	-45	-18	-16
Derecognition gains and losses	-1	-3	-2	-1	-3
Other operating income	6	5	8	5	4
Total operating income	529	768	698	797	774
General and administrative expenses					
Personnel expenses	-219	-211	-236	-220	-208
Collection costs	-205	-231	-178	-187	-190
Administrative expenses	-153	-180	-123	-131	-134
Depreciation and amortisation of tangible and intangible assets	-30	-29	-31	-33	-29
Total operating expenses	-607	-651	-568	-571	-561
Net operating profit	-78	117	130	226	213
Profit from participations in joint ventures	17	30	16	4	13
Profit before tax	-61	147	146	230	226
Income tax expense	17	-36	-6	-51	-50
Net profit for the period	-44	111	140	179	176

Key ratios¹⁾

SEK m	Quarter 1 2020	Quarter 4 2019	Quarter 3 2019	Quarter 2 2019	Quarter 1 2019
Profit before tax	-61	147	146	230	226
Items affecting comparability ²⁾	153	47	47	-	-
Profit before tax adjusted for items affecting comparability	92	194	193	230	226
Net interest income margin, %	12	12	13	14	14
C/I ratio, %	111	82	80	71	71
C/I ratio adjusted for items affecting comparability, % ²⁾	87	76	73	-	-
Return on equity, %	-7	9	12	16	17
Return on equity adjusted for items affecting comparability, % ³⁾	5	12	15	-	-
Portfolio acquisitions	545	2,988	689	1,665	610
EBITDA adjusted ⁴⁾	1,304	1,116	1,029	1,202	1,067

SEK m	31 Mar 2020	31 Dec 2019	30 Sep 2019	30 Jun 2019	31 Mar 2019
Carrying value on acquired loans	24,906	24,513	22,604	22,313	21,343
Gross 180-month ERC	39,305	38,874	36,595	35,966	34,214
Total capital ratio, %	14.83	14.01	14.87	14.12	13.70
CET1 ratio, %	9.52	9.94	10.29	9.91	9.47
Liquidity reserve	9,437	8,024	12,671	7,670	7,971
Number of employees (FTEs)	1,623	1,575	1,544	1,557	1,532

1) See Definitions.

2) Items affecting comparability, excluding tax, of which SEK -106m refers to revaluation of portfolios in Spain, SEK -31m refer to unrealised loss on interest rate swaps and SEK -16m refers to unrealised loss on market value in liquidity buffer.

3) Return on equity has been adjusted for items affecting comparability amounting to SEK -116m, including tax.

4) As of 2020 we will present this key ratio on a quarterly basis.

Financial statements

Consolidated income statement

SEK m	Quarter1 2020	Quarter1 2019	Full-year 2019
Interest income acquired loan portfolios	892	810	3,359
Other interest income	1	0	-2
Interest expense	-164	-104	-494
Net interest income	729	706	2,863
Impairment gains and losses	-178	51	120
Fee and commission income	26	32	121
Net result from financial transactions	-53	-16	-79
Derecognition gains and losses	-1	-3	-9
Other operating income	6	4	22
Total operating income	529	774	3,038
General and administrative expenses			
Personnel expenses	-219	-208	-875
Collection costs	-205	-190	-787
Administrative expenses	-153	-134	-568
Depreciation and amortisation of tangible and intangible assets	-30	-29	-122
Total operating expenses	-607	-561	-2,352
Net operating profit	-78	213	686
Profit from participations in joint ventures	17	13	62
Profit before tax	-61	226	748
Income tax expense	17	-50	-143
Net profit	-44	176	605
Profit attributable to:			
Owners of Hoist Finance AB (publ)	-44	176	605
Basic and diluted earnings per share SEK	-0.69	1.79	6.07

Consolidated statement of comprehensive income

SEK m	Quarter1 2020	Quarter1 2019	Full-year 2019
Net profit for the period	-44	176	605
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Revaluation of defined benefit pension plan	0	0	-3
Revaluation of remuneration after terminated	1	0	-1
Tax attributable to items that will not be reclassified to profit or loss	0	0	1
Total items that will not be reclassified to profit or loss	1	0	-3
Items that may be reclassified subsequently to profit or loss			
Translation difference, foreign operations	8	25	32
Translation difference, joint ventures	-3	2	-1
Hedging of currency risk in foreign operations	-13	-30	-114
Hedging of currency risk in joint ventures	-1	-4	-8
Transferred to the income statement during the year	2	2	9
Tax attributable to items that may be reclassified to profit or loss	3	7	26
Total items that may be reclassified subsequently to profit or loss	-4	2	-56
Other comprehensive income for the period	-3	2	-59
Total comprehensive income for the period	-47	178	546
Profit attributable to:			
Owners of Hoist Finance AB (publ)	-47	178	546

Consolidated balance sheet

SEK m	31 Mar 2020	31 Dec 2019	31 Mar 2019
ASSETS			
Cash	0	0	0
Treasury bills and Treasury bonds	3,090	2,729	2,321
Lending to credit institutions	2,611	3,075	2,090
Lending to the public	10	10	14
Acquired loan portfolios	24,702	24,303	21,115
Bonds and other securities	4,154	2,769	3,641
Shares and participations in joint ventures	194	201	214
Intangible assets	393	382	378
Tangible assets	288	269	305
Other assets	404	511	457
Deferred tax assets	88	32	26
Prepayments and accrued income	158	106	69
Total assets	36,092	34,387	30,630
LIABILITIES AND EQUITY			
Liabilities			
Deposits from the public	22,289	21,435	18,344
Tax liabilities	66	86	95
Other liabilities	981	823	573
Deferred tax liabilities	155	150	193
Accrued expenses and deferred income	187	154	282
Provisions	85	89	66
Debt securities issued	6,156	5,900	5,627
Subordinated debts	914	852	859
Total liabilities	30,833	29,489	26,039
Equity			
Share capital	30	30	30
Other contributed equity	3,381	2,965	2,965
Reserves	-262	-258	-200
Retained earnings including profit for the period	2,110	2,161	1,796
Non-controlling interest	-	0	-
Total equity	5,259	4,898	4,591
Total liabilities and equity	36,092	34,387	30,630

Consolidated statement of changes in equity

SEK m	Share capital	Other contributed capital	Translation reserve	Retained earnings including profit for the year	Non-controlling interest	Total equity
Opening balance 1 Jan 2020	30	2,965	-258	2,161	0	4,898
Comprehensive income for the period						
Profit for the period				-44		-44
Other comprehensive income			-4	1		-3
Total comprehensive income for the period			-4	-43		-47
Transactions reported directly in equity						
Additional Tier 1 capital instrument		414 ¹⁾				414
Interest paid on capital contribution				0		0
Share-based payments				0 ²⁾		0
Acquisition agreement for treasury shares				-8 ³⁾		-8
Tax effect on items reported directly in equity		2				2
Change in non-controlling interests ⁴⁾					0	0
Total transactions reported directly in equity		416		-8	0	408
Closing balance 31 Mar 2020	30	3,381	-262	2,110	-	5,259

1) Nominal amount of SEK 423m was reduced by transaction costs of SEK 9m.

2) For more information on Share-based payment, see Hoist Finance Annual report 2019.

3) To secure the delivery of treasury shares in the LTIP program.

4) Pinzolo SPV S.r.l is liquidated.

SEK m	Share capital	Other contributed capital	Translation reserve	Retained earnings including profit for the year	Non-controlling interest	Total equity
Opening balance 1 Jan 2019	30	2,965	-202	1,620		4,413
Comprehensive income for the period						
Profit for the period				605		605
Other comprehensive income			-56	-3		-59
Total comprehensive income for the period			-56	602		546
Transactions reported directly in equity						
Interest paid on capital contribution				-62		-62
Share-based payments				1		1
Change in non-controlling interests ¹⁾					0	0
Total transactions reported directly in equity				-61	0	-61
Closing balance 31 Dec 2019	30	2,965	-258	2,161	0	4,898

1) Attributable to securitisation of Italian loan portfolios.

SEK m	Share capital	Other contributed capital	Translation reserve	Retained earnings including profit for the year	Total equity
Opening balance 1 Jan 2019	30	2,965	-202	1,622	4,414
Comprehensive income for the period					
Profit for the period				176	176
Other comprehensive income			2		2
Total comprehensive income for the period			2	176	178
Closing balance 31 Mar 2019	30	2,965	-200	1,796	4,591

Consolidated cash flow statement summary

SEK m	Quarter1 2020	Quarter1 2019	Full-year 2019
Profit before tax	-61	226	748
– of which, paid-in interest	893	815	3,365
– of which, interest paid	-81	-53	-374
Adjustment for other items not included in cash flow	260	75	142
Realised result from divestment of shares and participations in joint ventures	-14	-14	-60
Income tax paid	-81	-13	-124
Total	104	274	706
Amortisations on acquired loan portfolios	916	731	3,040
Increase/decrease in other assets and liabilities	202	-537	-629
Cash flow from operating activities	1,222	468	3,117
Acquired loan portfolios	-545	-610	-5,952
Investments in/divestments of bonds and other securities	-1,400	-	866
Other cash flows from investing activities	-13	8	-12
Cash flow from investing activities	-1,958	-602	-5,098
Deposits from the public	218	1,139	4,204
Debt securities issued	-	416	3,450
Repurchase and repayment of Debt securities issued	-158	-867	-3,629
Additional Tier 1 capital	414	-	-
Other cash flows from financing activities	-18	-10	-102
Cash flow from financing activities	456	678	3,923
Cash flow for the period	-280	544	1,942
Cash at beginning of the period	5,804	3,840	3,840
Translation difference	177	27	22
Cash at end of the period¹⁾	5,701	4,411	5,804

1) Comprised of Cash, Treasury bills and Treasury bonds and Lending to credit institutions.

Parent Company income statement

SEK m	Quarter1 2020	Quarter1 2019	Full-year 2019
Interest income	451	453	1,813
Interest expense	-147	-103	-458
Net interest income	304	350	1,355
Dividends received	-	-	10
Fee and commission income	1	2	5
Net result from financial transactions	-71	-43	-147
Derecognition gains and losses	-1	-3	-8
Other operating income	71	70	232
Total operating income	304	376	1,447
General and administrative expenses			
Personnel expenses	-94	-95	-393
Other administrative expenses	-197	-159	-767
Depreciation and amortisation of tangible and intangible assets	-12	-12	-49
Total operating expenses	-303	-266	-1,209
Profit before credit losses	1	110	238
Impairment gains and losses	-18	30	56
Amortisation of financial fixed assets	-	-	-
Profit from participations in joint ventures	18	15	71
Net operating profit	1	155	365
Appropriations	-	-	-47
Taxes	-8	-34	-121
Net profit	-7	121	197

Parent company statement of comprehensive income

SEK m	Quarter1 2020	Quarter1 2019	Full-year 2019
Net profit	-7	121	197
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Translation difference, foreign operations	0	0	0
Total items that may be reclassified subsequently to profit or loss	0		0
Other comprehensive income for the period	0	0	0
Total comprehensive income for the period	-7	121	197
Profit attributable to:			
Owners of Hoist Finance AB (publ)	-7	121	197

Parent Company balance sheet

SEK m	31 Mar 2020	31 Dec 2019	31 Mar 2019
ASSETS			
Cash	0	0	0
Treasury bills and Treasury bonds	3,090	2,729	2,321
Lending to credit institutions	1,584	1,455	1,280
Lending to the public	10	13	17
Acquired loan portfolios	7,578	7,394	5,595
Receivables, Group companies	17,101	17,432	15,443
Bonds and other securities	4,154	2,769	3,641
Shares and participations in subsidiaries	815	807	722
Shares and participations in joint ventures	15	16	20
Intangible assets	195	186	176
Tangible assets	29	29	28
Other assets	211	290	334
Deferred tax assets	2	2	1
Prepayments and accrued income	66	55	34
TOTAL ASSETS	34,850	33,177	29,612
LIABILITIES AND EQUITY			
Liabilities			
Deposits from the public	22,289	21,435	18,344
Tax liabilities	6	33	62
Other liabilities	1,022	912	290
Deferred tax liabilities	2	2	5
Accrued expenses and deferred income	68	60	57
Provisions	51	53	40
Debt securities issued	5,700	5,431	5,627
Subordinated debts	914	852	859
Total liabilities and provisions	30,052	28,778	25,284
Untaxed reserves	268	268	221
Equity			
Restricted equity			
Share capital	30	30	30
Statutory reserve	13	13	13
Revaluation reserve	73	74	66
Development expenditure fund	4	5	4
Total restricted equity	120	122	113
Non-restricted equity			
Other contributed equity	3,380	2,965	2,965
Reserves	3	3	3
Retained earnings	1,034	844	905
Profit of the period	-7	197	121
Total unrestricted equity	4,410	4,009	3,994
Total equity	4,530	4,131	4,107
TOTAL LIABILITIES AND EQUITY	34,850	33,177	29,612

Accounting principles

This interim report was prepared in accordance with IAS 34, Interim Financial Reporting. The consolidated accounts were 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 on Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25), including applicable amendments. The Swedish Financial Reporting Board's RFR 1, Supplementary Accounting Rules for Groups, has also been applied.

The Parent Company Hoist Finance AB (publ) prepares its interim reports in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the regulatory code issued by the Swedish Financial Supervisory Authority on Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25), including applicable amendments. The Swedish Financial Board's RFR 2, Accounting for Legal Entities, is also applied.

Change in accounting principles 2020

As from 1 January 2020 the amendments to IAS 39, IFRS 9 and IFRS 7 came into effect, which were made due to uncertainty arising from the ongoing interest rate benchmark reform (IBOR reform).

The amendments that are made and planned to be carried out have no effect on Hoist Finance's accounting principles as the risks that Hoist Finance elects to apply hedge accounting for do not include interest rate exposed cash flows.

Other IFRS amendments

No other IFRS or IFRIC Interpretations that came into effect in 2020 had any significant impact on the Group's financial reports or capital adequacy.

In all other material respects, the Group's and Parent Company's accounting principles, bases for calculation and presentation remain unchanged from those applied in the 2019 annual report.

	Quarter1 2020	Quarter1 2019	Full-year 2019
1 EUR = SEK			
Income statement (average)	10.6585	10.4198	10.585
Balance sheet (at end of the period)	11.0832	10.4221	10.4336
1 GBP = SEK			
Income statement (average)	12.3774	11.9467	12.0706
Balance sheet (at end of the period)	12.3879	12.0818	12.2145
1 PLN = SEK			
Income statement (average)	2.4675	2.4217	2.4628
Balance sheet (at end of the period)	2.4306	2.4262	2.4445
1 RON=SEK			
Income statement (average)	2.2220	-	2.2305
Balance sheet (at end of the period)	2.2955	-	2.1814

Notes

Note 1 Segment reporting

Segment reporting has been prepared based on the manner in which executive management monitors operations. This follows statutory account preparation, with the exception of internal funding cost. The internal funding cost is included in net interest income and allocated to the segments based on acquired loan portfolio assets in relation to a fixed internal monthly interest rate for each portfolio. The difference between the external financing cost and the internal funding cost is reported in

Central Function. This Central Functions item pertains to the net income for intra-group financial transactions.

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

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 1, 2020

SEK m	United Kingdom	Italy	Germany	Poland	France	Other countries	Central Functions	Eliminations	Group
Total operating income	148	205	90	94	64	-40	-30	-2	529
<i>of which, internal funding costs</i>	-58	-39	-15	-43	-11	-17	183	0	0
Total operating expenses	-93	-125	-55	-50	-46	-81	-159	2	-607
Profit from participations in joint ventures	-	-	-	-	-	4	13	-	17
Profit before tax	55	80	35	44	18	-117	-176	0	-61

Income statement, Quarter 1, 2019

SEK m	United Kingdom	Italy	Germany	Poland	France	Other countries	Central Functions	Eliminations	Group
Total operating income	138	230	89	82	31	156	49	-1	774
<i>of which, internal funding costs</i>	-58	-39	-16	-33	-6	-18	170	-	0
Total operating expenses	-105	-125	-56	-37	-34	-67	-138	1	-561
Profit from participations in joint ventures	-	-	-	-	-	-1	14	-	13
Profit before tax	33	105	33	45	-3	88	-75	0	226

Income statement, Full-year, 2019

SEK m	United Kingdom	Italy	Germany	Poland	France	Other countries	Central Functions	Eliminations	Group
Total operating income	590	931	350	446	125	469	153¹⁾	-26	3,038
<i>of which, internal funding costs</i>	-233	-156	-63	-161	-28	-71	712	-	0
Total operating expenses	-375	-506	-221	-192	-162	-281	-631	16	-2,352
Profit from participations in joint ventures	-	-	-	-	-	9	53	-	62
Profit before tax	215	425	129	254	-37	197	-425	-10	748

1) Dividend from subsidiaries SEK 10m.

Acquired loans, 31 Mar 2020

SEK m	United Kingdom	Italy	Germany	Poland	France	Other countries	Central Functions	Group
Run-off consumer loan portfolio				10				10
Acquired loan portfolios	6,151	6,630	2,303	3,851	2,894	2,873	0	24,702
Shares and participations in joint ventures ¹⁾						-1	195	194
Acquired loans	6,151	6,630	2,313	3,851	2,894	2,872	195	24,906

1) Refers to the value of shares and participations in joint ventures in Poland with acquired loan portfolios and is therefore not equivalent to corresponding item in the balance sheet.

Note 1 Segment reporting, cont.

Acquired loans, 31 Mar 2019

SEK m	United Kingdom	Italy	Germany	Poland	France	Other countries	Central Functions	Group
Run-off consumer loan portfolio			14					14
Acquired loan portfolios	6,055	6,013	2,196	2,812	1,057	2,981		21,115
Shares and participations in joint ventures ¹⁾							214	214
Acquired loans	6,055	6,013	2,210	2,812	1,057	2,981	214	21,343

Acquired loans, 31 Dec 2019

SEK m	United Kingdom	Italy	Germany	Poland	France	Other countries	Central Functions	Group
Run-off consumer loan portfolio			10					10
Acquired loan portfolios	6,303	6,165	2,172	3,865	2,827	5,798		24,303
Shares and participations in joint ventures ¹⁾							200	200
Acquired loans	6,303	6,165	2,182	3,865	2,827	5,798	200	24,513

1) Refers to the value of shares and participations in joint ventures in Poland with acquired loan portfolios and is therefore not equivalent to corresponding item in the balance sheet.

Note 2 Acquired loan portfolios

SEK m	GROUP			PARENT COMPANY		
	31 Mar 2020	31 Dec 2019	31 Mar 2019	31 Mar 2020	31 Dec 2019	31 Mar 2019
Gross carrying amount	24,535	23,921	20,800	7,462	7,267	5,504
Loss allowance	167	382	315	115	127	91
Net carrying amount	24,702	24,303	21,115	7,578	7,394	5,595

Acquired credit-impaired loan portfolios, 31 Mar 2020

SEK m	GROUP			PARENT COMPANY		
	Gross carrying amount	Loss allowance	Net carrying amount	Gross carrying amount	Loss allowance	Net carrying amount
Opening balance 1 Jan 2020	23,009	387	23,396	6,922	130	7,052
Acquisitions	545		545	95		95
Interest income	873		873	271		271
Gross collections	-1,761		-1,761	-587		-587
Impairment gains and losses		-178	-178		-18	-18
Disposals	40	-40	0			
Translation differences	936	4	940	425	6	431
Closing balance 31 Mar 2020	23,642	173	23,815	7,126	118	7,244

Note 2 Acquired loan portfolios, cont.

Acquired credit-impaired loan portfolios, 31 Dec 2019

SEK m	GROUP			PARENT COMPANY		
	Gross carrying amount	Loss allowance	Net carrying amount	Gross carrying amount	Loss allowance	Net carrying amount
Opening balance 1 Jan 2019	19,334	262	19,596	5,133	63	5,196
Acquisitions	5,952		5,952	2,647		2,647
Interest income	3,271		3,271	936		936
Gross collections	-6,179		-6,179	-1,877		-1,877
Impairment gains and losses		122	122		67	67
Disposals	0		0			-
Translation differences	631	3	634	83	0	83
Closing balance 31 Dec 2019	23,009	387	23,396	6,922	130	7,052

Acquired credit-impaired loan portfolios, 31 Mar 2019

MSEK	GROUP			PARENT COMPANY		
	Gross carrying amount	Loss allowance	Net carrying amount	Gross carrying amount	Loss allowance	Net carrying amount
Opening balance 1 Jan 2019	19,334	262	19,596	5,133	63	5,196
Acquisitions	610		610	138		138
Interest income	785		785	228		228
Gross collections	-1,481		-1,481	-473		-473
Impairment gains and losses		52	52		30	30
Translation differences	547	5	552	79	1	80
Closing balance 31 Mar 2019	19,795	319	20,114	5,105	94	5,199

Undiscounted acquired loss allowances

The undiscounted acquired loss allowances at initial recognition for credit-impaired loan portfolios acquired by the Group during January to March 2020 totalled SEK 5,430m (1,878), of which SEK 223m (397) is attributable to Parent Company acquisitions.

Acquired performing loan portfolios, 31 Mar 2020

SEK m	GROUP					
	Gross carrying amount	Stage 1 12M ECL	Stage 2 LECL	Stage 3 LECL	Loss allowance	Net carrying amount
Opening balance 1 Jan 2020	912	-1	0	-4	-5	907
Interest income	18					18
Amortisations and interest payments	-46					-46
Changes in risk parameters						-
Derecognitions	-1					-1
Translation differences	10	0	0	0	0	10
Closing balance 31 Mar 2020	893	-1	0	-4	-5	888

Acquired performing loan portfolios, 31 Dec 2019

SEK m	GROUP					
	Gross carrying amount	Stage 1 12M ECL	Stage 2 LECL	Stage 3 LECL	Loss allowance	Net carrying amount
Opening balance 1 Jan 2019	1,012	-2	0	-1	-3	1,009
Interest income	88					88
Amortisations and interest payments	-220					-220
Changes in risk parameters		1	0	-3	-2	-2
Derecognitions	-9					-9
Translation differences	41	0	0	0	0	41
Closing balance 31 Dec 2019	912	-1	0	-4	-5	907

Note 2 Acquired loan portfolios, cont.

Acquired performing loan portfolios, 31 Mar 2019

GROUP

SEK m	Gross carrying amount	Stage 1 12M ECL	Stage 2 LECL	Stage 3 LECL	Loss allowance	Net carrying amount
Opening balance 1 Mar 2019	1,012	-2	0	-1	-3	1,009
Interest income	26				0	26
Amortisations and interest payments	-61				0	-61
Changes in risk parameters	-	0	0	-1	-1	-1
Derecognitions	-3					-3
Translation differences	31	0	0	0	0	31
Closing balance 31 Mar 2019	1,005	-2	0	-2	-4	1,001

Acquired performing loan portfolios, 31 Mar 2020

PARENT COMPANY

SEK m	Gross carrying amount	Stage 1 12M ECL	Stage 2 LECL	Stage 3 LECL	Loss allowance	Net carrying amount
Opening balance 1 Mar 2020	345	0	0	-3	-3	342
Interest income	6					6
Amortisations and interest payments	-18					-18
Changes in risk parameters						
Derecognitions	-1					-1
Translation differences	5				0	5
Closing balance 31 Mar 2020	337	0	0	-3	-3	334

Acquired performing loan portfolios, 31 Dec 2019

PARENT COMPANY

SEK m	Gross carrying amount	Stage 1 12M ECL	Stage 2 LECL	Stage 3 LECL	Loss allowance	Net carrying amount
Opening balance 1 Jan 2019	399	-1	0	-1	-2	397
Interest income	34					34
Amortisations and interest payments	-107					-107
Changes in risk parameters		1	0	-2	-1	-1
Derecognitions	-8					-8
Translation differences	27	0	0	0	0	27
Closing balance 31 Dec 2019	345	0	0	-3	-3	342

Acquired performing loan portfolios, 31 Mar 2019

PARENT COMPANY

SEK m	Gross carrying amount	Stage 1 12M ECL	Stage 2 LECL	Stage 3 LECL	Loss allowance	Net carrying amount
Opening balance 1 Jan 2019	399	-1	0	-1	-2	397
Interest income	10					10
Amortisations and interest payments	-30					-30
Changes in risk parameters		0	0	0	-1	-1
Derecognitions	-3					-3
Translation differences	23	0	0	0	0	23
Closing balance 31 Mar 2019	399	-1	0	-1	-3	396

Note 3 Financial instruments

Carrying amount and fair value of financial instruments

GROUP, 31 MAR 2020

SEK m	Assets/liabilities recognised at fair value through profit or loss		Hedging instrument	Amortised cost	Total carrying amount	Fair value
	Held for trading	Mandatorily				
Cash				0	0	0
Treasury bills and treasury bonds		3,090			3,090	3,090
Lending to credit institutions				2,611	2,611	2,611
Lending to the public				10	10	10
Acquired loan portfolios				24,702	24,702	26,147
Bonds and other securities		4,154			4,154	4,154
Derivatives	2				2	2
Other financial assets				328	328	328
Total	2	7,244		27,651	34,897	36,342
Deposits from the public				22,289	22,289	22,289
Derivatives	38		130		168	168
Debt securities issued				6,156	6,156	6,186
Subordinated debt				914	914	819
Other financial debts				988	988	988
Total	38		130	30,347	30,515	30,450

Carrying amount and fair value of financial instruments

GROUP, 31 DEC 2019

SEK m	Assets/liabilities recognised at fair value through profit or loss		Hedging instrument	Amortised cost	Total carrying amount	Fair value
	Held for trading	Mandatorily				
Cash				0	0	0
Treasury bills and treasury bonds		2,729			2,729	2,729
Lending to credit institutions				3,075	3,075	3,075
Lending to the public				10	10	10
Acquired loan portfolios				24,303	24,303	25,820
Bonds and other securities		2,769			2,769	2,769
Derivatives	41		66		107	107
Other financial assets				367	367	367
Total	41	5,498	66	27,755	33,360	34,877
Deposits from the public				21,435	21,435	21,435
Derivatives	29		6		35	35
Debt securities issued				5,900	5,900	6,209
Subordinated debt				852	852	840
Other financial debts				896	896	896
Total	29		6	29,083	29,118	29,415

Note 3 Financial instruments, cont.

Carrying amount and fair value of financial instruments

GROUP, 31 MAR 2019

SEK m	Assets/liabilities recognised at fair value through profit or loss		Hedging instrument	Amortised cost	Total carrying amount	Fair value
	Held for trading	Mandatorily				
Cash				0	0	0
Treasury bills and treasury bonds		2,321			2,321	2,321
Lending to credit institutions				2,090	2,090	2,090
Lending to the public				14	14	14
Acquired loan portfolios				21,115	21,115	22,815
Bonds and other securities		3,641			3,641	3,641
Derivatives	2		87		89	89
Other financial assets				312	312	312
Total	2	5,962	87	23,531	29,582	31,282
Deposits from the public				18,344	18,344	18,344
Derivatives	3		0		3	3
Debt securities issued				5,627	5,627	5,710
Subordinated debt				859	859	829
Other financial debts				833	833	833
Total	3		0	25,663	25,666	25,719

Carrying amount and fair value of financial instruments

PARENT COMPANY, 31 MAR 2020

SEK m	Assets/liabilities recognised at fair value through profit or loss		Hedging instrument	Amortised cost	Total carrying amount	Fair value
	Held for trading	Mandatorily				
Cash				0	0	0
Treasury bills and treasury bonds		3,090			3,090	3,090
Lending to credit institutions				1,584	1,584	1,584
Lending to the public				10	10	10
Acquired loan portfolios				7,578	7,578	8,103
Receivables, Group companies		10		17,091	17,101	17,126
Bonds and other securities		4,154			4,154	4,154
Derivatives	2				2	2
Other financial assets				160	160	160
Total	2	7,254		26,423	33,679	34,229
Deposits from the public				22,289	22,289	22,289
Derivatives	38		130		168	168
Debt securities issued				5,700	5,700	5,684
Subordinated debt				914	914	819
Other financial debts				912	912	912
Total	38		130	29,815	29,983	29,872

Note 3 Financial instruments, cont.

Carrying amount and fair value of financial instruments

PARENT COMPANY, 31 DEC 2019

SEK m	Assets/liabilities recognised at fair value through profit or loss		Hedging instrument	Amortised cost	Total carrying amount	Fair value
	Held for trading	Mandatorily				
Cash				0	0	0
Treasury bills and treasury bonds		2,729			2,729	2,729
Lending to credit institutions				1,455	1,455	1,455
Lending to the public				13	13	13
Acquired loan portfolios				7,394	7,394	7,940
Receivables, Group companies		9		17,423	17,432	17,432
Bonds and other securities		2,769			2,769	2,769
Derivatives	41		66		107	107
Other financial assets				173	173	173
Total	41	5,507	66	26,458	32,072	32,618
Deposits from the public				21,435	21,435	21,435
Derivatives	29		6		35	35
Debt securities issued				5,431	5,431	5,703
Subordinated debt				852	852	840
Other financial debts				911	911	911
Total	29		6	28,629	28,664	28,924

Carrying amount and fair value of financial instruments

PARENT COMPANY, 31 MAR 2019

SEK m	Assets/liabilities recognised at fair value through profit or loss		Hedging instrument	Amortised cost	Total carrying amount	Fair value
	Held for trading	Mandatorily				
Cash				0	0	0
Treasury bills and treasury bonds		2,321			2,321	2,321
Lending to credit institutions				1,280	1,280	1,280
Lending to the public				17	17	17
Acquired loan portfolios				5,595	5,595	6,166
Receivables, Group companies				15,443	15,443	15,443
Bonds and other securities		3,641			3,641	3,641
Derivatives	2		87		89	89
Other financial assets				214	214	214
Total	2	5,962	87	22,549	28,600	29,171
Deposits from the public				18,344	18,344	18,344
Derivatives	3		0		3	3
Debt securities issued				5,627	5,627	5,710
Subordinated debt				859	859	829
Other financial debts				339	339	339
Total	3		0	25,169	25,172	25,226

Note 3 Financial instruments, cont.

Fair value measurement

Group

The Group uses observable data to the greatest possible extent when determining the fair value of an asset or liability. Fair values are categorised in different levels based on the input data used in the measurement 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 on the valuation. The carrying value of acquired loan portfolios is calculated by discounting cash flow forecasts at the average effective interest rate for purchased loan portfolios from the past 24 months in each jurisdiction.

Fair value measurements

SEK m	GROUP, 31 MAR 2020				PARENT COMPANY, 31 MAR 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Treasury bills and Treasury bonds	3,090			3,090	3,090			3,090
Bonds and other securities	4,154			4,154	4,154			4,154
Receivables, Group companies ¹⁾							10	10
Derivatives		2		2		2		2
Total assets	7,244	2		7,246	7,244	2	10	7,256
Derivatives		168		168		168		168
Total liabilities		168		168		168		168

1) Receivables from Group companies pertain junior notes issued by the subsidiary Marathon SPV S.r.l valued at fair value.

SEK m	GROUP, 31 DEC 2019				PARENT COMPANY, 31 DEC 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Treasury bills and Treasury bonds	2,729			2,729	2,729			2,729
Bonds and other securities	2,769			2,769	2,769			2,769
Receivables, Group companies ¹⁾							9	9
Derivatives		107		107		107		107
Total assets	5,498	107		5,605	5,498	107	9	5,614
Derivatives		35		35		35		35
Total liabilities		35		35		35		35

1) Receivables from Group companies pertain junior notes issued by the subsidiary Marathon SPV S.r.l valued at fair value.

SEK m	GROUP, 31 MAR 2019				PARENT COMPANY, 31 MAR 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Treasury bills and Treasury bonds	2,321			2,321	2,321			2,321
Bonds and other securities	3,641			3,641	3,641			3,641
Derivatives		89		89		89		89
Total assets	5,962	89		6,051	5,962	89		6,051
Derivatives		3		3		3		3
Total liabilities		3		3		3		3

Note 4 Capital adequacy

The information in this Note includes information that is required to be disclosed pursuant to FFFS 2008:25, including applicable amendments, regarding annual reports for credit institutions and FFFS 2014:12, including applicable amendments, concerning supervisory requirements and capital buffers. The information refers to the Hoist Finance AB (publ) consolidated situation ("Hoist Finance") and Hoist Finance AB (publ), the regulated entity.

The difference between the consolidated accounts and the consolidated situation for capital adequacy purposes is as follows. Joint ventures are consolidated with the equity method in the consolidated accounts, whereas the proportional method is used for the consolidated situation. Securitised assets are recognised in the consolidated accounts but are removed from the accounting records for the consolidated situation. Hoist Finance's participating interest in the securitised assets is always covered.

The following laws and regulations were applied when establishing the company's statutory capital requirements: Regulation (EU) No 575/2013 of the European Parliament and Council on prudential requirements for credit institution and investment firms; and the Capital Buffer Act (SFS 2014:966).

Transitional rules, IFRS 9

After obtaining FSA approval, Hoist Finance has decided to apply the transitional rules regarding IFRS 9 for the period 30 April 2018 through 31 December 2022. Application of these transitional rules allow the gradual phase-in of expected credit losses to capital adequacy.

Own funds

The table below shows own funds used to cover the capital requirements for Hoist Finance consolidated situation and the regulated entity Hoist Finance AB (publ).

	HOIST FINANCE CONSOLIDATED SITUATION			HOIST FINANCE AB (PUBL)		
	31 Mar 2020	31 Dec 2019	31 Mar 2019	31 Mar 2020	31 Dec 2019	31 Mar 2019
MSEK						
Capital instruments and related share premium accounts	1,913	1,913	1,913	1,913	1,913	1,913
Retained earnings	2,110	1,534	1,580	987	819	866
Accumulated comprehensive income and other reserves	129	133	193	693	694	648
Independently reviewed interim profits net of any foreseeable charge or dividend ¹⁾	-44	605	176	-7	197	121
Intangible assets (net of related tax liability)	-393	-382	-378	-195	-186	-176
Deferred tax assets that rely on future profitability	-84	-27	-22	-2	-2	-1
Exposure amount of securitisation positions which qualify for a RW of 1,250%, where the institution opts for the deduction alternative	-9	-9	-	-9	-9	-
Other transitional arrangements	4	4	3	2	2	2
Common Equity Tier 1	3,626	3,771	3,465	3,382	3,428	3,373
Capital instruments and the related share premium accounts	1,107	690	690	1,107	690	690
Additional Tier 1 capital	1,107	690	690	1,107	690	690
Tier 1 capital	4,733	4,461	4,155	4,489	4,118	4,063
Capital instruments and the related share premium accounts	914	852	859	914	852	859
Tier 2 capital	914	852	859	914	852	859
Total own funds	5,647	5,313	5,014	5,403	4,970	4,922

1) The Board of Directors will recommend to the Annual General Meeting not to pay any dividend for the financial year 2019 or 2020. Therefore no dividend deduction has been included.

Note 4 Capital adequacy, cont.

Capital requirement

The tables below show the risk-weighted exposure amounts and own funds requirements per risk category for Hoist Finance and the regulated entity Hoist Finance AB (publ).

Risk-weighted exposure amounts	HOIST FINANCE CONSOLIDATED SITUATION			HOIST FINANCE AB (PUBL)		
	31 Mar 2020	31 Dec 2019	31 Mar 2019	31 Mar 2020	31 Dec 2019	31 Mar 2019
SEK m						
Exposures to central governments or central banks	0	0	0	0	0	0
Exposures to regional governments or local authorities	0	0	0	0	0	0
Exposures to institutions	603	752	521	347	363	336
<i>of which, counterparty credit risk</i>	26	60	41	26	60	41
Exposures to corporates	311	319	251	14,505	14,565	16,550
Retail exposures	35	38	67	30	33	60
Exposures secured by mortgages on immovable property	360	368	399	100	101	114
Exposures in default	29,073	28,746	30,978	10,208	10,043	7,520
Exposures in the form of covered bonds	415	277	364	415	277	364
Equity exposures	–	–	–	815	807	722
Other items	465	382	391	96	84	63
Credit risk (standardised approach)	31,262	30,882	32,971	26,516	26,273	25,729
Securitisation positions in the banking book (external ratings-based approach)	2,726	2,984	–	2,726	2,984	–
Market risk (foreign exchange risk – standardised approach)	123	78	39	123	78	39
Operational risk (standardised approach)	3,935	3,935	3,542	1,916	1,916	1,476
Credit valuation adjustment (standardised approach)	27	48	40	27	48	40
Total risk-weighted exposure amount	38,073	37,927	36,592	31,308	31,299	27,284

Capital requirements	HOIST FINANCE CONSOLIDATED SITUATION			HOIST FINANCE AB (PUBL)		
	31 Mar 2020	31 Dec 2019	31 Mar 2019	31 Mar 2020	31 Dec 2019	31 Mar 2019
SEK m						
Pillar 1						
Exposures to central governments or central banks	0	0	0	0	0	0
Exposures to regional governments or local authorities	0	0	0	0	0	0
Exposures to institutions	48	60	42	28	29	27
<i>of which, counterparty credit risk</i>	2	5	3	2	5	3
Exposures to corporates	25	26	20	1,160	1,165	1,324
Retail exposures	3	3	5	2	3	5
Exposures secured by mortgages on immovable property	29	29	32	8	8	9
Exposures in default	2,326	2,300	2,478	817	803	602
Exposures in the form of covered bonds	33	22	29	33	22	29
Equity exposures	–	–	–	65	65	58
Other items	37	31	31	8	7	5
Credit risk (standardised approach)	2,501	2,471	2,637	2,121	2,102	2,059
Securitisation positions in the banking book (external ratings-based approach)	218	239	–	218	239	–
Market risk (foreign exchange risk – standardised approach)	10	6	3	10	6	3
Operational risk (standardised approach)	315	315	283	153	153	118
Credit valuation adjustment (standardised approach)	2	4	3	2	4	3
Total own funds requirement – Pillar 1	3,046	3,035	2,926	2,504	2,504	2,183

Note 4 Capital adequacy, cont.

	31 Mar 2020	31 Dec 2019	31 Mar 2019	31 Mar 2020	31 Dec 2019	31 Mar 2019
Pillar 2						
Concentration risk						
Interest rate risk in the banking book	241	245	247	349	356	247
Pension risk	126	129	53	126	129	53
Other Pillar 2 risks	3	3	3	3	3	3
Total own funds requirement – Pillar 2	26	37	32	26	37	32
Totalt kapitalkrav – Pelare 2	396	414	335	504	525	335
Capital buffers						
Capital conservation buffer						
Countercyclical buffer	952	948	915	783	783	682
Total own funds requirement – Capital buffers	0	128	112	0	94	77
Totalt kapitalkrav – Kapitalbuffertar	952	1,076	1,027	783	877	759
Total own funds requirements	4,394	4,525	4,288	3,791	3,906	3,277

Capital ratios and capital buffers

I Europaparlamentets och rådets förordning (EU) nr 575/2013 ställs krav Regulation (EU) No 575/2013 of the European Parliament and the Council 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. Credit institutions are also 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-weighted exposure amount and

an institutional specific countercyclical buffer of 0 per cent of the total risk-weighted exposure amount.

The table below shows CET1 capital, Tier 1 capital and the total capital ratio in relation to the total risk-weighted exposure amount for Hoist Finance and for the regulated entity Hoist Finance. It also shows the total regulatory requirements under each pillar and the institution-specific CET1 capital requirements. All capital ratios exceed the minimum requirements and capital buffer requirements.

	HOIST FINANCE CONSOLIDATED SITUATION			HOIST FINANCE AB (PUBL)		
	31 Mar 2020	31 Dec 2019	31 Mar 2019	31 Mar 2020	31 Dec 2019	31 Mar 2019
Capital ratios and capital buffers, %						
Common Equity Tier 1 capital ratio	9.52	9.94	9.47	10.80	10.95	12.36
Tier 1 capital ratio	12.42	11.76	11.35	14.34	13.16	14.89
Total capital ratio	14.83	14.01	13.70	17.26	15.88	18.04
Institution-specific buffer requirements for CET1 capital	7.00	7.34	7.31	7.00	7.30	7.28
of which, capital conservation buffer requirement	2.50	2.50	2.50	2.50	2.50	2.50
of which, countercyclical capital buffer requirement	0.00	0.34	0.31	0.00	0.30	0.28
Common Equity Tier 1 capital available to meet buffers¹⁾	5.02	5.44	4.97	6.30	6.45	7.86

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

As per 31 March 2020 the internally assessed capital requirement for Hoist Finance was SEK 3,442m (3,449), of which SEK 396m (414) was attributable to Pillar 2.

Note 5 Liquidity risk

This note provides information required to be disclosed under the provisions of FFFS 2010:7, including applicable amendments, regarding the management of liquidity risks in credit institutions and investment firms.

Liquidity risk is the risk of difficulties in obtaining funding, and thus not being able to meet payment obligations at maturity without a significant increase in the cost of obtaining means of payment.

Because the Group's revenues and expenses are relatively stable, liquidity risk is primarily associated with the Group's funding which is based on deposits from the public. By definition this way of funding has a risk of major outflows of deposits at short notice.

The overall objective of the Group's liquidity management is to ensure that the Group maintains control over its liquidity risk situation, with sufficient funds in liquid assets or immediately saleable assets to ensure timely discharge of its payment obligations without incurring high additional costs.

Funding is mainly raised in the form of deposits from the public and through the capital markets through the issuance of senior unsecured debts, own funds instruments and equity. 37 per cent (41) of deposits from the public are payable on demand (current account – "flex"), while 63 per cent (59) of the Group's deposits from the public are locked into longer maturities (fixed-term deposits) ranging from one to five years. About 99 per cent of deposits are fully covered by the Swedish state deposit guarantee.

Hoist Finance's short-term liquidity coverage ratio (LCR) was 934 per cent as per 31 March 2020 (755 per cent as per 31 December 2019), compared with the regulatory ratio of 100 per cent. The net stable funding ratio (NSFR) was 121 per cent (124).

Funding

SEK m	HOIST FINANCE CONSOLIDATED SITUATION			HOIST FINANCE AB (PUBL)		
	31 Mar 2020	31 Dec 2019	31 Mar 2019	31 Mar 2020	31 Dec 2019	31 Mar 2019
Current account deposits	8,260	8,871	10,932	8,260	8,871	10,932
Fixed-term deposits	14,029	12,564	7,412	14,029	12,564	7,412
Debt securities issued	6,156	5,900	5,627	5,700	5,431	5,627
Convertible debt instruments	1,107	690	690	1,107	690	690
Subordinated debts	914	852	859	914	852	859
Equity	4,152	4,208	3,901	3,423	3,441	3,417
Other	1,474	1,302	1,209	1,417	1,328	675
Balance sheet total	36,092	34,387	30,630	34,850	33,177	29,612

The Group's Treasury Policy specifies a limit and a target level for the amount of available liquidity and its nature. Available liquidity totalled SEK 9,437m (8,024) as per 31 March 2020, exceeding the limit and the target level by a significant margin.

Hoist Finance's liquidity reserve, presented below pursuant to the Swedish Banker's Association's template, primarily comprises bonds issued by the Swedish government and Swedish municipalities, as well as covered bonds.

Liquidity reserve

SEK m	31 Mar 2020	31 Dec 2019	31 Mar 2019
Cash and holdings in central banks	0	0	0
Deposits in other banks available overnight	2,193	2,526	2,009
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	1,848	2,207	790
Securities issued or guaranteed by municipalities or other public sector entities	1,242	522	1,531
Covered bonds	4,154	2,769	3,641
Securities issued by non-financial corporates	–	–	–
Securities issued by financial corporates	–	–	–
Other	–	–	–
Total	9,437	8,024	7,971

Hoist Finance has a liquidity contingency plan for managing liquidity risk. This identifies specific events that may trigger the contingency plan and require actions to be taken.

Note 6 Pledged assets

SEK m	GROUP			PARENT COMPANY		
	31 Mar 2020	31 Dec 2019	31 Mar 2019	31 mar 2020	31 dec 2019	31 dec 2018
Pledges and comparable collateral for own liabilities and for reported commitments for provisions	122	79	76	0	0	13

Note 7 Contingent liabilities

SEK m	GROUP			PARENT COMPANY		
	31 Mar 2020	31 Dec 2019	31 Mar 2019	31 mar 2020	31 dec 2019	31 dec 2018
Commitments	350	356	1 857	326	325	295

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, 5 May 2020

Ingrid Bonde
Chair of the Board

Cecilia Daun Wennborg
Board member

Malin Eriksson
Board member

Liselotte Hjorth
Board member

Robert Kraal
Board member

Marcial Portela
Board member

Joakim Rubin
Board member

Lars Wollung
Board member

Klaus-Anders Nysteen
CEO

Review report

Hoist Finance AB (publ)
Corp. id. 556012-8489

Introduction

We have reviewed the condensed interim financial information (interim report) of Hoist Finance AB (publ) as of 31 March 2020 and the three-month period then ended. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

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

Stockholm, 5 May 2020
KPMG AB

Anders Bäckström
Authorized Public Accountant

Definitions

Alternative performance measures

Alternative performance measures (APMs) are financial measures of past or future earnings trends, financial position or cash flow that are not defined in the applicable accounting regulatory framework (IFRS), in the Capital Requirements Directive (CRD IV), or in the EU's Capital Requirement Regulation number 575/2013 (CRR). APMs are used by Hoist Finance, along with other financial measures, when relevant for monitoring and describing the financial situation and for providing additional useful information to users of the financial statements. These measures are not directly comparable with similar performance measures that are presented by other companies. C&I ratio, Return on equity, Net interest income margin and Adjusted EBITDA are alternative performance measures that provide information on Hoist Finance's profitability. "Estimated Remaining Collections" is Hoist Finance's estimate of the gross amount that can be collected on acquired loan portfolios. Definitions of alternative performance measures and other key figures are presented below. The financial fact book, available on hoistfinance.com/investors/financial-information, provides details on the calculation of key figures.

Acquired loan portfolios

An acquired loan portfolio consists of a number of defaulted and non-defaulted consumer loans and SME loans that arise from the same originator.

Acquired loans

Total of acquired loan portfolios, run-off consumer loan portfolios and participations in joint ventures.

Additional Tier 1 capital

Capital instruments and associated share premium accounts that fulfil the requirements of Regulation (EU) 575/2013 of the European Parliament and the Council and that may accordingly be included in the Tier 1 capital.

Adjusted EBITDA

EBIT (operating earnings), less depreciation and amortisation ("EBITDA"), adjusted for depreciation of acquired loan portfolios.

Basic earnings per share

Net profit for the period, adjusted for interest on capital instruments recorded in equity, divided by the weighted average number of outstanding shares.

Capital requirements – Pillar 1

Minimum capital requirements for credit risk, market risk and operational risk.

Capital requirements – Pillar 2

Capital requirements beyond those stipulated in Pillar 1.

CET1 capital

Capital instruments and the related share premium accounts that fulfil the requirements of Regulation (EU) 575/2013 of the European Parliament and the Council, and other equity items that may be included in CET1 capital, less regulatory dividend deduction and deductions for items such as goodwill and deferred tax assets.

CET1 ratio

CET1 capital in relation to the total risk exposure amount.

C/I ratio

Total operating expenses in relation to Total operating income and Profit from shares and participations in joint ventures.

Diluted earnings per share

Net profit for the period, adjusted for interest on capital instruments recorded in equity, divided by the weighted average number of outstanding shares after full dilution.

Fee and commission income

Fees for providing debt management services to third parties.

Gross 180-month ERC

"Estimated Remaining Collections" – the company's estimate of the gross amount that can be collected on the credit-impaired loan portfolios currently owned by the company. The assessment is based on estimates for each loan portfolio and extends from the following month through the coming 180 months. The estimate for each loan portfolio is based on the company's extensive experience in processing and collecting over the portfolio's entire economic life.

Internal funding cost

The internal funding cost is determined per portfolio applying the following monthly interest rate: $(1 + \text{annual interest})^{(1/12)} - 1$.

Items affecting comparability

Items that interfere with comparison due to the irregularity of their occurrence and/or size as compared with other items.

Legal collection

Legal collections relate to gross collections following the initiation of Hoist Finance's litigation process. This process assesses customers' solvency and follows regulatory and legal requirements.

Liquidity coverage ratio (LCR)

A mandatory requirement for banks within the EU, whereby an institution must hold a sufficiently large buffer of liquid assets to be able to withstand actual and simulated cash outflows for a period of 30 days while experiencing heavy liquidity stress.

Liquidity reserve

Hoist Finance's liquidity reserve is a reserve of high-quality liquid assets which is used to carry out planned acquisitions of loan portfolios and to secure the Company's short-term capacity to meet payment obligations in the event of lost or impaired access to regularly available funding sources.

Net interest income margin

Net interest income for the period, calculated on a full-year basis, in relation to the period's average Acquired loan portfolios, calculated as the period average based on quarterly values during the period.

Net stable funding ratio (NSFR)

Measures an institution's amount of available stable funding to cover its funding requirements under normal and stressed conditions in a one-year perspective.

Non-performing loans (NPL)

An originator's loan is non-performing as at the balance sheet date if it is past due or will be due shortly.

Number of employees (FTEs)

Number of employees at the end of the period converted to full-time posts.

Own funds

Sum of Tier 1 capital and Tier 2 capital.

Portfolio growth

Changes in the carrying amount of acquired loan portfolios over the last 12 months (LTM).

Portfolio revaluation

Changes in the portfolio value based on revised estimated remaining collections for the portfolio.

Return on equity

Net profit for the period adjusted for accrued unpaid interest on AT1 capital calculated on annualised basis, divided by equity adjusted for AT1 capital reported in equity, calculated as an average for the financial year based on a quarterly basis.

Risk-weighted exposure amount

The risk weight of each exposure multiplied by the exposure amount.

SME

A company that employs fewer than 250 people and has either annual sales of EUR 50 million or less or a balance sheet total of EUR 43 million or less.

Tier 1 capital

The sum of CET1 capital and additional Tier 1 capital.

Tier 1 capital ratio

Tier 1 capital as a percentage of the total risk-weighted exposure amount.

Tier 2 capital

Capital instruments and the related share premium accounts that meet the requirements of Regulation (EU) 575/2013 of the European Parliament and the Council and that may accordingly be included in own funds.

Total capital ratio

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

Weighted average number of shares out-standing

Weighted number of shares outstanding plus potential dilutive effect of warrants outstanding.

Vision and Strategy

Helping People Keep Their Commitments

is our mission and purpose, it is what we do and why we go to work every day.

By Your Side

is how we see ourselves fulfilling our mission, to always be by our customers' side, how we support them to be part of and included in the financial ecosystem.

Uncomplicated, Helpful and Human

is our personality.



Market leadership

We strive to be in markets where we are, or can become, one of the top three players. This ensures economies of scale and allows for in-depth trusted relationships with our partners.



Effective & Efficient

Our culture is performance and knowledge driven. We strive for continuous improvement and embrace change, and we always want to be agile and lean, proactive and innovative.



Digital Leader

We want to be the digital frontrunner and inventor in our industry. Digital By Default is how we execute on this strategic pillar, and means that our digital channels are the preferred choices for us and customers.



Banking Platform

Thanks to our credit market license, we can offer a deposit service, which in turn provides cheaper funding for our portfolio investments than that of our peers.

Financial targets

Profitability

By leveraging on operational efficiency efforts to become more cost-effective, we aim to reduce the cost-to-income ratio to 65 per cent in the medium term. By ensuring the right balance between growth, profitability and capital efficiency we aim to achieve a return on equity exceeding 15 per cent in the medium term.

Capital structure

1.75 – 3.75 percentage points above overall CET1 requirements specified by the Swedish Financial Supervisory Authority.

Growth

EPS (adjusted for AT1 costs) should by 2021 have grown by an average annual growth rate of 15 per cent compared to 2018, excluding IAC.

Dividend policy and dividend

Hoist Finance dividend will in the long-term correspond to 25-30 per cent of annual net profit. The dividend will be determined annually, with respect to the company's capital target and the outlook for profitable growth. The Board will recommend to the Annual General Meeting (AGM) not to pay any dividend for the financial year 2020.

Financial calendar

Interim report, Q2 2020	23 July 2020
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Interim report, Q3 2020	30 October 2020
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Contact

Investor Relations

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The interim report and investor presentation are available at www.hoistfinance.com

Every care has been taken in the translation of this report. In the event of any discrepancy, the Swedish original will supersede the English translation.

Hoist Finance AB (publ) (the "Company" or the "Parent") is the parent company of the Hoist Finance group of companies ("Hoist Finance"). The company 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.

The information in this interim report has been published by Hoist Finance AB (publ) pursuant to the EU Market Abuse Regulation. This information was submitted by Andreas Lindblom for publication on 6 May 2020 at 7:30 AM CET.