

Operational update and impairment of Spanish loan portfolios

In light of recent market developments, Hoist Finance provides an update on operations and announces an impairment of Spanish loan portfolios.

As previously communicated, Hoist Finance has successfully implemented its business continuity plans, and the level of customer interactions remain intact in all markets. In Germany, Poland, the UK, France, Belgium and the Netherlands, we see collection levels at, or close to, the targets for the first quarter. These markets correspond to approximately two-thirds of Hoist Finance's loan book and collections.

In Italy, performance in the first quarter is close to expectations. Towards the end of the quarter, we have however observed negative effects as a result of Covid-19. Additionally, the business environment in Greece has become more challenging. For these two markets, we consequently expect a delay, but not a reduction, of near-term collections. The impact on Q1 earnings is limited.

In Spain, Hoist Finance has, as communicated earlier, seen unsatisfactory collection performance in recent quarters, despite having implemented several initiatives to improve productivity. With Spain being one of the markets hardest hit by Covid-19, the underperformance has continued in the first quarter, and we no longer expect previous efforts to generate a satisfactory outcome. The combined effect on earnings in the first quarter due to the recent collection shortfall and the expected reduction in future collections, is approximately MSEK 120.

Separate from operational effects, there is significant turbulence in the financial markets. Hoist Finance is hedged against increases in markets interest rates. The recent reduction in markets rates has a negative effect on the accounting value of these positions. Furthermore, Hoist Finance holds a large liquidity buffer consisting of high credit quality bonds. Increased spreads have resulted in lower market prices, and hence in unrealised valuation losses in the first quarter. As per 26 March, these two items add up to a negative impact of approximately MSEK 50.

Hoist Finance is in a position of strength with a robust balance sheet and ample liquidity to face the current global uncertainty. Hoist Finance had a CET1 ratio of 9.9% as per the end of February, and the liquidity buffer exceeds SEK 9 billion as per 26 March. Collections in total exceed that of previous quarters and limited near-term acquisitions provides additional support to an already strong cash flow. "Hoist Finance has daily interactions with many of our more than 6 million customers. In times of financial distress, we can offer long term and sustainable solutions to reduce the negative consequences of the pandemic. Our competent and passionate employees are working harder than ever to help people keep their commitments. The Hoist Finance customer contact centres are fully operational with most of our employees working remotely, and our digital channels are open. Our thoughts are with those who have been personally affected by Covid-19", says Klaus-Anders Nysteen, CEO of Hoist Finance.

A teleconference will be held at 14:00 CET today, March 27. To listen in and ask questions, please dial:
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About Hoist Finance

Hoist Finance is a trusted debt resolution partner to individuals, companies and banks in eleven European countries. With over 1600 dedicated colleagues, smart digital solutions and a deep understanding of individual financial circumstances, we help over six million customers keep their commitments. This is achieved by agreeing on sustainable repayment plans so that everyone is included within the financial ecosystem. Hoist Finance has a diverse portfolio of asset classes and our online savings platform in Sweden and Germany enables our unique funding model. Hoist Finance was founded in 1994 and is today a public company listed on Nasdaq Stockholm. For more information, please visit hoistfinance.com.