

# Interim report

## Q3 2023

### Key highlights

- » Profit before tax amounted to SEK 282 million, corresponding to a growth of 143 per cent. Adjusted for costs within the rejuvenation programme, the result was SEK 339 million, corresponding to a growth of 123 per cent compared to the previous year<sup>1)</sup>
- » The overall result in the third quarter is driven by a strong underlying business and positive one-off effects
- » Return on equity was 19 per cent. Adjusted for normalised capital levels and one-off costs, the return on equity was 28 per cent<sup>2)</sup>
- » Investments in new portfolios totalled SEK 1.7 billion in the third quarter, with an additional SEK 1.6 billion signed with sellers after the closing of the quarter
- » Collection performance came in at 103 per cent, meaning 3 per cent above forecast
- » The Hoist Finance rejuvenation programme was closed according to plan at the end of the quarter. All targets set two years ago have been met or exceeded
- » The funding base remains stable and our competitive advantage strengthened in an uncertain and volatile macro environment
- » Successful issuance of two senior unsecured bonds with a total value of SEK 750 million
- » Strong capital and liquidity position, significantly above regulatory requirements with a CET1 ratio of 13.86 per cent

1) To illustrate the development in the underlying business, the comparison quarters 2022 are adjusted for the divested UK business and in accordance with the hedge accounting introduced on 1 July 2022, see pages 6 and 9.  
2) See pages 6 and 9.

## SEK 23,834m

Portfolio book value

## 19%

Return on equity

## SEK 2.34

Earnings per share

## 13.86%

CET1 ratio

### Key ratios<sup>1)</sup>

| SEK m   | Quarter 3<br>2023 | Quarter 3<br>2022 | Change,<br>% | Jan-Sep<br>2023 | Jan-Sep<br>2022 | Change,<br>% | Full-year<br>2022 |
|---|-------------------|-------------------|--------------|-----------------|-----------------|--------------|-------------------|
| Total operating income                        | 916               | 595               | 54           | 2,585           | 1,961           | 32           | 2,613             |
| Profit/loss before tax                        | 282               | 116               | >100         | 604             | 486             | 24           | 490               |
| Adjusted profit/loss before tax <sup>2)</sup> | 339               | 152               | >100         | 755             | 342             | >100         | N/A               |
| Profit/loss for the period                    | 270               | 153               | 76           | 524             | 547             | -4           | 801               |
| Return on equity, %                           | 19                | 12                | 7 pp         | 12              | 15              | -3 pp        | 17                |
| Normalised return on equity, % <sup>2)</sup>  | 28                | 10                | 18 pp        | 17              | 8               | 9 pp         | N/A               |
| Portfolio acquisitions                        | 1,675             | 342               | >100         | 4,724           | 4,161           | 13           | 6,928             |
| Basic and diluted earnings per share, SEK     | 2.34              | 0.70              | >100         | 4.44            | 3.35            | 33           | 3.55              |

| SEK m                | 30 Sep<br>2023 | 30 Sep<br>2022 | Change,<br>% | 31 dec<br>2022 |
|----------------------|----------------|----------------|--------------|----------------|
| Gross 180-month ERC  | 37,261         | 28,846         | 29           | 32,946         |
| Portfolio book value | 23,834         | 19,370         | 23           | 21,624         |
| CET1 ratio, %        | 13.86          | 12.23          | 1.99 pp      | 15.85          |

1) See Definitions. 2) See page 6 & 9.

# Statement by the CEO

## ***Dear shareholders,***

Despite a continued challenging macro environment, the third quarter was yet another solid quarter for Hoist Finance. The quarter was characterised by continued strong collections, a maintained investment pace and the closing of our rejuvenation programme. Profit before tax adjusted for costs for the rejuvenation programme amounted to SEK 339 million (SEK 152 million), which corresponds to a growth of over 120 per cent compared to the third quarter previous year. Return on equity, calculated on annualised basis, was 19 per cent for the quarter. The quarter's overall result is mainly due to a strong underlying business performance boosted by a number of positive one-off effects.

## **Investment management**

The total investment volume during the third quarter amounted to SEK 1.7 billion. The market continues to be favourable and we have constructive dialogues with both primary and secondary sellers in the market.

The price level in the market continues to trend in a positive direction for Hoist Finance. The number of bidders in the processes has decreased, although there is still intense competition for select portfolios. Our strong capital base and unique funding model make us a stable and recurrent buyer for both banks and industry colleagues.

After quarter closing, we have entered into agreements to acquire portfolios of an additional SEK 1.6 billion. We have thus committed to SEK 6.3 billion so far in 2023. We see excellent opportunities to close the year with approximately SEK 8 billion in total investment volume.

After the closing of the quarter, we have also divested our single largest risk exposure at book value (a credit in Italy from 2018 of over SEK 300 million). Our largest single risk exposure today amounts to SEK 25 million, and we only have 7 claims exceeding SEK 10 million. In relation to our total portfolio book value of SEK 23 billion, this means that we have a portfolio consisting of granular claims with statistically low risk.

## **Loan management**

In the third quarter, our collection performance was 103 per cent, meaning that on average, we have collected three per cent more than forecasted on our portfolios. We still see limited negative effects from the challenging macro environment in our collection performance.

Compared to the same period last year, we now have a larger share of loan management performed by strategic partners, especially in Greece, Sweden, UK and Spain. This contributes positively to our cost flexibility and scalability in loan management. In addition, the partnerships provide new channels to new sellers of debt portfolios.

## **Capital and funding**

Hoist Finance continues to have a strong capital and liquidity position that enables continued strong growth. We successfully issued two senior unsecured bonds with a total volume of SEK 750 million during the quarter.



Foto: Håkan Målbäck

## **The rejuvenation programme**

At the end of September, we closed our rejuvenation programme that began in the autumn of 2021. Strategy and governance have been reviewed and re-designed to ensure that Hoist Finance will be a long-term profitable and growing company with a return on equity of at least 15 per cent.

Investment management, loan management and the way we run our central functions have been fundamentally reorganised. This work is guided by principles of increased profit/loss responsibility for our business units, simplification and streamlining of decision-making processes, and ensuring that decisions are taken at the right level with the necessary expertise and efficiency required by a constantly changing market.

It is with pride and pleasure that I state that all the targets set out two years ago under the programme framework have either been met or have already been exceeded. The reorganisation of our investment management has put us well on the way to doubling our book with materially higher returns and quality in the debt portfolio. Loan management productivity has increased through incremental operational improvements in the markets. Adjusted for currency effects, we have reduced our indirect costs by more than 20 per cent despite high inflationary pressures.

In addition to all organic initiatives, we have strongly improved the risk profile of our debt portfolio by proactively divesting portfolios that did not contribute to our targets. The most important example of this is selling our UK business, where we are now back as an active buyer in a partnership model. As a result of these initiatives, we are on track to meet our return on equity target, while our capital base has grown by 50 per cent over these two years.

### Regulatory update

The EU's work on renewing and improving the so-called banking package is progressing. To our understanding, the package will be finalised in the autumn. As I updated you last time, the political agreement included that regulated specialised banks exempt from the backstop regulation should support reducing the risk to systemically important banks' balance sheets by reducing their exposure to non-performing loans. We do not have any new updates this quarter, but we will keep you informed on an ongoing basis regarding developments on this issue. If the legislation becomes a reality, it would be further proof that specialists like Hoist Finance, working in a regulated environment, are delivering significant value to the financial system.

Over the past summer and quarter, legislative proposals in Italy have contributed to speculation about the future shape of the industry in the country. The proposals have been heavily criticised by European institutions as well as by the Italian Ministry of Finance. The proposals, if implemented, are expected to have far-reaching consequences for Italy's banking system and economy. Similar proposals have been presented but not prepared or adopted in recent years. At present, the proposals have not reached Parliament. It is our understanding that the issue is not currently being pursued for decision. Hoist Finance will therefore continue to invest in Italian debt portfolios.

### Future prospects

At Hoist Finance, we look brightly to the future. After our two-year long rejuvenation journey, we are now a simpler, more effective and more efficient company. We are well capitalised, we have the lowest cost of funding in the industry, and primary and secondary market portfolio volumes for sale in Europe are high. We are in an excellent position to continue to grow our business with attractive returns.

I would like to extend my gratitude to all of you who invest in Hoist Finance, both on the equity and debt side, for your continued trust. I would like to thank our customers and partners for their confidence in our capabilities and last but not least, a big thank you to the team at Hoist Finance! We are now in the seasonally most important quarter of the year, and a lot of hard work remains before we can pass another milestone on our path towards becoming Europe's leading asset manager of debt portfolios.

*Kind regards,*

**Harry Vranjes**

# Developments during the quarter, Group

Comparative figures for developments during third quarter 2023 pertain to third quarter 2022.

## Operating income

Operating income totalled SEK 916m (595) during the period. Net interest income increased to SEK 732m (560). The change is mainly attributable to interest income from the larger loan portfolio and to higher yield levels as compared with the comparative quarter. Interest income from acquired loan portfolios totalled SEK 900m (675) and interest expense amounted to SEK –212m (–129), with the increase attributable to a growing portfolio and higher interest on deposits as compared with Q3 2022. Other interest income, which was positively impacted by returns on the liquidity portfolio due to higher interest rate levels, totalled SEK 44m (14).

Collection performance was 103% during the quarter. Collections against projections amounted to SEK 93m (167). Portfolio revaluations conducted during the period amounted to SEK –48m (–125), of which timing effects<sup>1)</sup> accounted for SEK –39m (–70) mainly due to faster incoming payments than forecasted.

Net result from financial transactions totalled SEK 83m (–24). Hoist Finance manages FX risk by hedging the Group's currency exposure through continuously holding FX hedging contracts denominated in EUR, which had an increase in market value during the quarter due to a stronger SEK against the EUR.

## Operating expenses

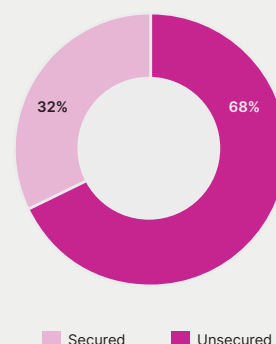
Operating expenses totalled SEK –693m (–522) and include items affecting comparability of SEK –57m pertaining to the change programme. The change in operating expenses is otherwise attributable to the larger total portfolio book, which increased costs as well as revenue. The year-on-year change in expenses was also driven by exchange rate fluctuations. Personnel expenses totalled SEK –236m (–191), with SEK 24m attributable to non-recurring expenses related to the change programme. The change is otherwise attributable to inflation-adjusted pay increases and exchange rate fluctuations. Increased portfolio acquisitions during the period affected interest income from acquired loan portfolios, as well as collection costs which totalled SEK –243m (–172), of which legal collection costs totalled SEK –94m (–72). The change in legal collection costs is attributable to the larger portfolio size as compared with the comparative quarter. Collections related to these activities are expected to contribute positively to earnings in coming quarters. Administrative expenses increased during the quarter to SEK –189m (–132), of which SEK 33m is attributable to the change programme. The increase is otherwise attributable to FX effects, costs for updating existing data systems and increased audit costs.

## Net profit for the quarter

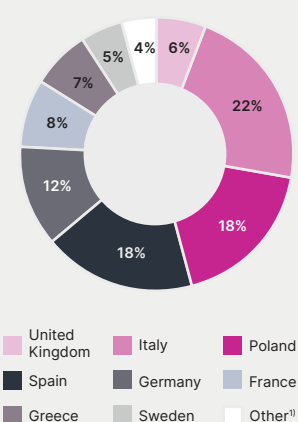
Earnings from participations in joint ventures amounted to SEK 59m (43) during the period, driven by the initiated dissolution of the Polish joint venture and the divestment of the relevant portfolio over book value. The Group has a related deferred profit amounting to SEK 78m posted against other receivables. Net profit/loss totalled SEK 270m (153). Income tax expense for the period totalled SEK –12m (–19). The effective tax rate for the period was 4.4% (15.9). The lower effective tax rate is due in part to the use of unbooked losses by subsidiaries.

1) See Definitions.

### Breakdown, secured/unsecured portfolio book value



### Breakdown, total carrying amount of portfolio book value

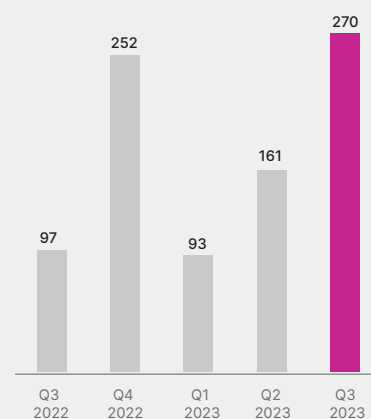


1) Other countries are Netherlands, Belgium and Cyprus

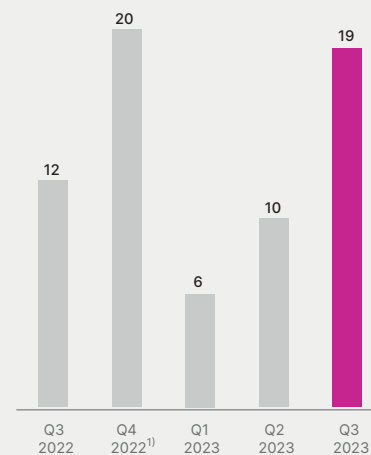
| SEK m   | Quarter 3<br>2023 | Quarter 3<br>2022 |
|---|-------------------|-------------------|
| Interest income acquired loan portfolios                      | 900               | 675               |
| Other interest income   | 44                | 14                |
| Interest expense  | -212              | -129              |
| <b>Net interest income</b>                                    | <b>732</b>        | <b>560</b>        |
| Impairment gains and losses                                   | 44                | 42                |
| <i>of which, realised collections against active forecast</i> | 93                | 167               |
| <i>of which, portfolio revaluations</i>                       | -49               | -125              |
| Fee and commission income                                     | 22                | 15                |
| Net result from financial transactions                        | 83                | -24               |
| Other operating income <sup>1)</sup>                          | 35                | 2                 |
| <b>Total operating income</b>                                 | <b>916</b>        | <b>595</b>        |
| Personnel expenses  | -236              | -191              |
| Collection costs  | -243              | -172              |
| Other administrative expenses                                 | -189              | -132              |
| Depreciation and amortisation                                 | -25               | -27               |
| <b>Total operating expenses</b>                               | <b>-693</b>       | <b>-522</b>       |
| Share of profit from joint ventures                           | 59                | 43                |
| <b>Profit before tax</b>                                      | <b>282</b>        | <b>116</b>        |
| Income tax expense  | -12               | -19               |
| Net profit for the quarter from discontinued operations       | -                 | 56                |
| <b>Net profit for the quarter</b>                             | <b>270</b>        | <b>153</b>        |

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

#### Profit/loss after tax from continuing operations, SEK m



#### Return on equity, %



1) Fourth quarter 2022 includes capital gains result from divested operations.

### Adjusted comparative figures of the underlying business

In addition to the ordinary financial statements, an illustrative adjusted income statement and normalised return on equity are provided to facilitate the comparison of the underlying business performance compared to the same period last year.

Earnings before taxes, adjusted for non-recurring expenses, totalled SEK 339m (152) during the third quarter, an increase by over 100%. Operating income, amounting to SEK 916m (631), increased by SEK 285m. In addition to a solid underlying performance, other key drivers are a realised one-off gain of SEK 59m on a divested portfolio in Poland, a VAT case decision representing SEK 26m and financial net profit of SEK 83m.

Total Operating Income increased 45% and total operating expenses increased 22%. Direct costs increased SEK 106m, driven mainly by growth in loan portfolios and also significantly impacted by exchange rate fluctuations during the quarter. Indirect costs totalled SEK 247m, as compared with SEK 240m during the comparative quarter. The variance is entirely attributable to exchange rate fluctuations. The underlying indirect cost is lower than during last year's comparative period.

### Items affecting comparability

Items affecting comparability totalled SEK 57m (0) for the third quarter, distributed between personnel and administrative expenses, and is a part of Hoist Finance rejuvenation programme where central IT, Data and Operations functions has been re-organised to align to the new decentralised operating model. The last part of the programme announced in May, concluded during quarter 3 2023 and is expected to reduce indirect costs by approximately SEK 130m per year, exceeding the original savings goal of SEK 85m. Overall the indirect costs were reduced by 23% on a constant currency basis since the initiation of the programme, from SEK 284m in the second quarter 2021, including divested UK-operation, to SEK 221m in the third quarter 2023.

The rejuvenation programme, characterised by larger and substantial changes, was implemented with the aim of giving the capability for Hoist Finance to meet their financial objectives in the longer term.

| Items affecting comparability | Quarter 3 2023 | Quarter 3 2022 | Full year 2022 |
|-------------------------------|----------------|----------------|----------------|
| Personnel expenses            | -24            | -              | -              |
| Administrative expenses       | -33            | -              | -              |
| <b>Total</b>                  | <b>-57</b>     | <b>-</b>       | <b>-</b>       |

| SEK m   | Quarter 3 2023 | Quarter 3 2022 | Quarter 3 2022 Adjusted for comparison | Change vs Adjusted, % |
|---|----------------|----------------|--|-----------------------|
| Interest income   | 900            | 675            | 675                                    | 33                    |
| Other interest income   | 44             | 14             | 14                                     | >100                  |
| Interest expense <sup>1)</sup>  | -212           | -129           | -93                                    | >100                  |
| <b>Net interest income</b>  | <b>732</b>     | <b>560</b>     | <b>596</b>                             | <b>23</b>             |
| Other income (incl Impairment gains and losses)                       | 101            | 59             | 59                                     | 71                    |
| Net result from financial transactions                                | 83             | -24            | -24                                    | >-100                 |
| <b>Total operating income</b>   | <b>916</b>     | <b>595</b>     | <b>631</b>                             | <b>45</b>             |
| <b>Total operating expenses</b>                                       | <b>-636</b>    | <b>-522</b>    | <b>-522</b>                            | <b>22</b>             |
| Share of profit from joint ventures                                   | 59             | 43             | 43                                     | 37                    |
| <b>Profit before rejuvenation</b>                                     | <b>339</b>     | <b>116</b>     | <b>152</b>                             | <b>&gt;100</b>        |
| Rejuvenation cost   | -57            | -              | -                                      | N/A                   |
| <b>Profit before tax</b>  | <b>282</b>     | <b>116</b>     | <b>152</b>                             | <b>86</b>             |
| Net profit for the quarter from discontinued operations <sup>2)</sup> | -              | 56             | -                                      | N/A                   |
| <b>Net profit/loss for the quarter</b>                                | <b>270</b>     | <b>153</b>     | <b>121</b>                             | <b>&gt;100</b>        |

| Key ratios                     | Quarter 3 2023 | Quarter 3 2022 | Quarter 3 2022 Adjusted for comparison | Change vs Adjusted, % |
|--------------------------------|----------------|----------------|--|-----------------------|
| Return on equity, %            | 19             | 12             | N/A                                    | N/A                   |
| Normalised return on equity, % | 28             | N/A            | 10                                     | 18 pp                 |
| Portfolio acquisitions         | 1,675          | 342            | 342                                    | >100                  |
| Portfolio book value           | 23,834         | 19,370         | 19,370                                 | 23                    |

1) Third quarter 2022 interest expenses adjusted by SEK 36m pertaining to the funding of the divested UK operations.

2) Third quarter 2022 adjusted to not include net profit from discontinued operations.

A normalised return on equity is shown to illustrate the return on equity adjusted for rejuvenation costs/ IACs and normalised capitalisation levels. Normalised capitalisation represents capitalisation in line with the financial target regarding capital structure, i.e. in the middle of the target range of the CET1 ratio 2.3–3.3 percentage points above overall CET1 requirements specified by the Swedish Financial Supervisory Authority.

The normalised return on equity for comparative periods is adjusted for the Income Statement impact of the divested UK operations and as if hedge accounting for all interest rate swaps would have been implemented in comparative periods.



# Developments during January – September, Group

Comparative figures for developments during January – September 2023 pertain to January – September 2022.

## Operating income

Operating income totalled SEK 2,585m (1,961) during the period. Net interest income increased to SEK 2,097m (1,579). The change is mainly attributable to interest income from the larger loan portfolio and to higher yield levels as compared with the comparative period. Interest income from acquired loan portfolios totalled SEK 2,528m (1,957) and interest expense amounted to SEK –560m (–395). Other interest income, which was positively impacted by returns on the liquidity portfolio due to higher interest rate levels, totalled SEK 129m (17).

Realised collections against active forecast totalled SEK 457m (471). Portfolio revaluations conducted during the period totalled SEK –225m (–353), of which timing effects<sup>1)</sup> accounted for SEK –201m (–247) mainly due to faster incoming payments than forecasted. Adjusted for timing effects<sup>1)</sup> collection performance was 105% for the period.

Net result from financial transactions totalled SEK 77m (204). The change is attributable to the fact that Hoist Finance did not apply hedge accounting for interest rate hedging contracts during the comparative period, during which outstanding interest rate hedging contracts increased in market value. The market value of EUR- denominated FX hedging contracts decreased during the period due to a weaker SEK against the EUR. Other operating income totalled SEK 52m (11) during the period due to Hoist Finance's disposal of portfolios in France and Poland.

## Operating expenses

Operating expenses totalled SEK –2,069m (–1,537) and include items affecting comparability of SEK –151m attributable to the change programme. The change is otherwise mainly due to the larger total portfolio book, which increased direct costs as well as revenues. The total change in operating expenses also includes currency effects of SEK –78m. Personnel expenses totalled SEK –736m (–545), with SEK 80m attributable to non-recurring expenses related to the change programme. The change is otherwise attributable to retained UK staff that were accounted for in the divested UK entity during the comparative , to exchange rate fluctuations and to inflation-adjusted pay increases. The larger portfolio is the main reason for the increased collection costs which amounted to SEK –739m (–530) for the period, of which legal collection costs accounted for SEK –261m (–234). These collection costs are expected to contribute positively to earnings in coming quarters. Administrative expenses increased to SEK –519m (–383), of which SEK 33m is attributable to the change programme. The increase is otherwise attributable to FX effects, costs to update and change data systems, and increased audit costs.

## Net profit for the period

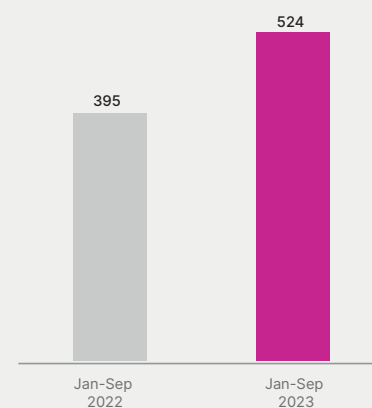
Net profit/loss totalled SEK 524m (547). The Group has a related deferred profit amounting to SEK 78m posted against other receivables. Income tax expense for the period totalled SEK –80m (–91). The effective tax rate for the period was 13.3% (18.7). The lower effective tax rate is due in part to the use of non-capitalised losses by subsidiaries.

<sup>1)</sup> See Definitions.

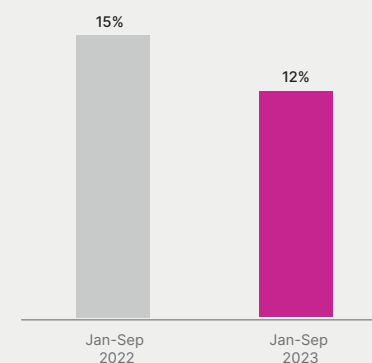
| SEK m   | Jan-Sep<br>2023 | Jan-Sep<br>2022 |
|---|-----------------|-----------------|
| Interest income acquired loan portfolios                      | 2,528           | 1,957           |
| Other interest income   | 129             | 17              |
| Interest expense  | -560            | -395            |
| <b>Net interest income</b>                                    | <b>2,097</b>    | <b>1,579</b>    |
| Impairment gains and losses                                   | 232             | 118             |
| <i>of which, realised collections against active forecast</i> | <i>457</i>      | <i>471</i>      |
| <i>of which, portfolio revaluations</i>                       | <i>-225</i>     | <i>-353</i>     |
| Fee and commission income                                     | 81              | 49              |
| Net result from financial transactions                        | 77              | 204             |
| Other operating income  | 98              | 11              |
| <b>Total operating income</b>                                 | <b>2,585</b>    | <b>1,961</b>    |
| Personnel expenses  | -736            | -545            |
| Collection costs  | -739            | -530            |
| Other administrative expenses                                 | -519            | -383            |
| Depreciation and amortisation                                 | -75             | -79             |
| <b>Total operating expenses</b>                               | <b>-2,069</b>   | <b>-1,537</b>   |
| Share of profit from joint ventures                           | 88              | 62              |
| <b>Profit before tax</b>                                      | <b>604</b>      | <b>486</b>      |
| Income tax expense  | -80             | -91             |
| Net profit for the quarter from discontinued operations       | -               | 152             |
| <b>Net profit for the quarter</b>                             | <b>524</b>      | <b>547</b>      |

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

### Profit/Loss before tax, from continuing operations, SEK m



### Return on equity, %





### Adjusted comparative figures of the underlying business

In addition to the ordinary financial statements, an illustrative adjusted income statement and normalised return on equity are provided to facilitate the comparison of the underlying business performance.

Earnings before tax, adjusted for non-recurring expenses, totalled SEK 755m (342) for the period. Operating income, amounting to SEK 2,585m (1,853), increased by SEK 732m. The increase is driven primarily by increased investments with higher returns, the sale of a portfolio in France above book value, and a one-off VAT revenue. Net result from financial transactions increased SEK 93m as compared with the adjusted result for 2022.

Operating expenses increased SEK 345m as compared with 2022, driven primarily by growth in loan portfolios and also significantly impacted by FX effects during the year. Normalised return on equity increased 9 percentage points to 17%.

### Items affecting comparability

Items affecting comparability totalled SEK 151m (0) for the period, distributed between personnel and administrative expenses, and is a part of Hoist Finance rejuvenation programme where central IT, Data and Operations functions has been re-organised to align to the new decentralised operating model. The last part of the programme announced in May, concluded during quarter 3 2023 and is expected to reduce indirect costs by approximately SEK 130m per year, exceeding the original savings goal of SEK 85m. Overall the indirect costs were reduced by 23% on a constant currency basis since the initiation of the programme, from SEK 284m in the second quarter 2021, including divested UK-operation, to SEK 221m in the third quarter 2023.

The rejuvenation programme, characterised by larger and substantial changes was implemented with the aim of giving the capability for Hoist Finance to meet their financial objectives in the longer term.

| Items affecting comparability | Jan-Sep 2023 | Jan-Sep 2022 | Full year 2022 |
|-------------------------------|--------------|--------------|----------------|
| Personnel expenses            | 80           | –            | –              |
| Administrative expenses       | 71           | –            | –              |
| <b>Total</b>                  | <b>151</b>   | <b>–</b>     | <b>–</b>       |

| SEK m  | Jan-Sep 2023  | Jan-Sep 2022  | Jan-Sep 2022 Adjusted for comparison | Change vs Adjusted, % |
|--|---------------|---------------|--------------------------------------|-----------------------|
| Interest income  | 2,528         | 1,957         | 1,957                                | 29                    |
| Other interest income  | 129           | 17            | 17                                   | >100                  |
| Interest expense <sup>1)</sup>                                       | –560          | –395          | –283                                 | 98                    |
| <b>Net interest income</b>   | <b>2,097</b>  | <b>1,579</b>  | <b>1,691</b>                         | <b>24</b>             |
| Other income (incl Impairment gains and losses)                      | 411           | 178           | 178                                  | >100                  |
| Net result from financial transactions <sup>2)</sup>                 | 77            | 204           | –16                                  | >–100                 |
| <b>Total operating income</b>  | <b>2,585</b>  | <b>1,961</b>  | <b>1,853</b>                         | <b>40</b>             |
| <b>Total operating expenses<sup>3)</sup></b>                         | <b>–1,918</b> | <b>–1,537</b> | <b>–1,573</b>                        | <b>22</b>             |
| Share of profit from joint ventures                                  | 88            | 62            | 62                                   | 42                    |
| <b>Profit before rejuvenation</b>                                    | <b>755</b>    | <b>486</b>    | <b>342</b>                           | <b>&gt;100</b>        |
| Rejuvenation cost  | –151          | –             | –                                    | N/A                   |
| <b>Profit before tax</b>   | <b>604</b>    | <b>486</b>    | <b>342</b>                           | <b>77</b>             |
| Net profit for the period from discontinued operations <sup>4)</sup> | –             | 152           | –                                    | N/A                   |
| <b>Net profit/loss for the period</b>                                | <b>524</b>    | <b>547</b>    | <b>272</b>                           | <b>93</b>             |

| Key ratios                     | Jan-Sep 2023 | Jan-Sep 2022 | Jan-Sep 2022 Adjusted for comparison | Change vs Adjusted, % |
|--------------------------------|--------------|--------------|--------------------------------------|-----------------------|
| Return on equity, %            | 12           | 15           | N/A                                  | N/A                   |
| Normalised return on equity, % | 17           | N/A          | 8                                    | N/A                   |
| Portfolio acquisitions         | 4,724        | 4,161        | 4,161                                | 14                    |
| Portfolio book value           | 23,834       | 19,370       | 19,370                               | 23                    |

1) Jan-Sep 2022 interest expenses adjusted by SEK 112m pertaining to the funding of the divested UK operations.

2) Jan-Sep 2022 net result from financial transaction adjusted for SEK 221m unrealised changes in value aligned with the hedge accounting introduced 1 July 2022.

3) Jan-Sep 2022 operating expenses adjusted by SEK –36m for retained UK Group staff, previously accounted for in the divested UK legal entity.

4) Jan-Sep 2022 adjusted to not include net profit from discontinued operations.

A normalised return on equity is shown to illustrate the return on equity adjusted for rejuvenation costs/ IACs and normalised capitalisation levels. Normalised capitalisation represents capitalisation in line with the financial target regarding capital structure, i.e. in the middle of the target range of the CET1 ratio 2.3–3.3 percentage points above overall CET1 requirements specified by the Swedish Financial Supervisory Authority.

The normalised return on equity for comparative periods is adjusted for the Income Statement impact of the divested UK operations and as if hedge accounting for all interest rate swaps would have been implemented in comparative periods.

## Other information

### Balance Sheet

Comparative figures for the balance sheet pertain to 31 December 2022.

Total assets, has slightly increased from 31 December 2022, totalled SEK 33,792m (32,499). Cash and cash equivalents and interest-bearing securities decreased SEK 1,900m, while the portfolio carrying amount increased SEK 2,210m to SEK 23,834m (21,624). Other assets amounts to SEK 2,579m (1,625).

| SEK m  | 30 Sep 2023   | 31 Dec 2022   | Change, % |
|--|---------------|---------------|-----------|
| Cash and interest-bearing securities                       | 7,341         | 9,241         | -21%      |
| Portfolio book value                                       | 23,834        | 21,624        | 10%       |
| Value change of interest-hedged items in portfolio hedging | 38            | 9             | >100%     |
| Other assets <sup>1)</sup>                                 | 2,579         | 1,625         | 59%       |
| <b>Total assets</b>  | <b>33,792</b> | <b>32,499</b> | <b>4%</b> |
| Deposits from the public                                   | 19,835        | 18,581        | 7%        |
| Debt securities issued                                     | 4,468         | 5,545         | -19%      |
| Subordinated debt  | 917           | 903           | 2%        |
| <b>Total interest-bearing liabilities</b>                  | <b>25,220</b> | <b>25,029</b> | <b>1%</b> |
| Other liabilities <sup>1)</sup>                            | 2,638         | 1,726         | 53%       |
| Equity   | 5,934         | 5,744         | 3%        |
| <b>Total liabilities and equity</b>                        | <b>33,792</b> | <b>32,499</b> | <b>4%</b> |

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 25,220m (25,029). In Sweden, deposits from the public amounted to SEK 6,077m (6,687), of which SEK 2,183m (2,771) is attributable to fixed term deposits of one to three-year duration. Deposits from the public in Germany totalled SEK 12,337m (10,854), of which SEK 9,569m (7,926) is attributable to fixed term deposits of one- to five-year duration.

As of 30 September 2023, the outstanding bond debt totalled SEK 5,385m (6,448), of which SEK 4,468m (5,545) was comprised of senior unsecured liabilities.

Other liabilities totalled SEK 2,638m (1,726). Equity totalled SEK 5,934m (5,744).

### Cash flow

Comparative figures for cash flow pertain to the period January – September 2022.

| SEK m                               | Jan-Sep 2023 | Jan-Sep 2022 | Change, % |
|-------------------------------------|--------------|--------------|-----------|
| Cash flow from operating activities | 2,767        | 4,655        | -41%      |
| Cash flow from investing activities | -1,625       | -4,033       | 60%       |
| Cash flow from financing activities | -525         | -777         | 32%       |
| <b>Cash flow for the period</b>     | <b>617</b>   | <b>-154</b>  |           |

Cash flow from operating activities totalled SEK 2,767m, as compared with SEK 4,655m during the 2022 comparative period. Amortisation of acquired loan portfolios totalled SEK 2,949m (3,564). In addition, changes in other assets and liabilities amounted to SEK -264m (666), attributable primarily to other liabilities and to pledged assets in the risk management of interest rate and currency risk.

Cash flow from investing activities totalled SEK -1,625m (-4,033), with portfolio acquisition activity totalling SEK -4,724m (-4,161). Cash flow from disposed loans totalled SEK 574m. Portions of the liquidity portfolio corresponding to SEK 2,361m (1,254) have reduced, of which SEK 99m referred to government securities.

Cash flow from financing activities totalled SEK -525m (-777). Net inflow from deposits from the public totalled SEK 762m (-612), where the increase was mainly driven by deposits in Germany. During the period, the inflow of debt securities issued amounted to SEK 601m.

Total cash flow for the period amounted to SEK 617m, as compared with SEK -154m for the 2022 comparative period.

### Capital adequacy

Comparative figures for capital adequacy pertain to 31 December 2022.

At the close of the quarter the CET1 ratio was 13.86% (15.85) for the Hoist Finance consolidated situation. CET1 capital totalled SEK 4,202m (4,172). The risk-weighted exposure amount has increased to SEK 30,326m (26,313) since the turn of the year.

The decrease in the CET1 ratio since the turn of the year was due mainly to new portfolio acquisitions, which reduced the ratio by -2.54%. In contrast, collections on existing NPL portfolios contributed to an increase of 1.28%.

Group's positive result for the quarter, recognised in own funds, increased the CET1 ratio by 1.39%. Exchange rate revaluations in NPL portfolios reduced the ratio by -0.26%. The NPL backstop also had an impact of -0.34% on the CET1 ratio. Open FX positions increased the Group's market risk and reduced the ratio by -0.29%. Other risk exposure, which has increased since the turn of the year, reduced the ratio by -1.06%.

All capital ratios meet regulatory requirements. A 30% deduction for future dividends has been taken from consolidated profit/loss.

Total capital amounts to SEK 6,228m (6,181) and the total capital ratio is 20.54% (23.49).

For Parent Company the CET1 ratio was 11.78% (14.62).

### Parent Company

Comparative figures for the Parent Company pertain to third quarter 2022.

Net interest income for the Parent Company totalled SEK 276m (329) during the third quarter, which is mainly attributable to a growing share of portfolio acquisitions in combination with rising interest levels. Net result from financial transactions totalled SEK 42m (83). This has been impacted by a change in the market value of bonds and interest rate and FX hedging contracts, as well as by a positive decision in VAT cases from 2014, 2015 and 2017 of net SEK 26m, of which SEK 29m is attributable to income and SEK -3m to related cost (see also Other Disclosures).

Total operating income, which was significantly higher during the third quarter, amounted to SEK 747m (449) and is attributable to dividends in subsidiaries in Poland and Cyprus. Operating expenses were somewhat

higher and amounted to SEK –422m (–334), with the increase in expenses due mainly to impairment costs for projects and costs related to change programmes. Profit before credit losses totalled SEK 325m (115).

Impairment losses totalled SEK –54m (27), attributable mainly to portfolio revaluations and credit reserves for performing loans. During the quarter there was no write-down requirement for shares in subsidiaries (–).

Earnings before tax, which totalled SEK 425m (159), were positively impacted by the SEK 129m sale of portfolios in the Polish joint venture. Tax expense for the quarter amounted to SEK –86m (–43). Comprehensive income for the Parent Company totalled SEK 339m (116).

### Risks and uncertainties

The macroeconomic landscape during the past quarter showed signs of an economic downturn, with rising interest rates and continued high inflation. The labour market remains strong, although there are some signs of a slowdown. Households consumption are decreasing and international trade is declining. The macroeconomic situation has a double-acting effect for Hoist Finance. While an increased number of acquired loans may present greater business opportunities, this may potentially reduce return on invested capital. The Company has not seen any indication of this, however, as overall collection performance for credit portfolios exceeded forecast during the quarter.

### Development of risk

During the period Hoist Finance closed out hedge positions for all outstanding Additional Tier 1 capital instruments issued 7 June 2018, with a total outstanding nominal amount of EUR 40,000,000.

The Company's business activities involve various types of risk, primarily credit risk but also market risk, liquidity risk and operational risk. Despite uncertainty in the global environment, driven by geopolitical macroeconomic circumstances, the risk situation has remained stable. Credit risk in the liquidity portfolio remains low, as investments are made in government, municipal and covered bonds of high credit quality. An internal framework is used to ensure that all operational risks within the Group are monitored. Hoist Finance is committed to continuously improving the quality of its internal procedures to minimise operational risks. Overall, operational risk is unchanged from previous quarters.

Hoist Finance continuously hedges interest rate and FX risks in the short and medium term and, accordingly, market risks remain low. Additional information on developments during the quarter is provided in the Net Profit section. Liquidity risk is also deemed to be low, as Hoist Finance has high liquidity and access to favourable borrowing rates via HoistSpar, particularly with the current interest rate environment. The securitisation of asset portfolios is an effective method of managing the regulatory changes introduced in December 2018 (the NPL prudential backstop regulation).

### Related-party transactions

The nature and extent of related-party transactions remain essentially unchanged since 31 December 2022, the only change being the agreements entered into during the first six months of 2023 by Lars Wollung, via Wollung & Partners, and Christopher Rees, via 4CAdvisory Ltd, for consultancy work over and above their board work.

### 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 and services within the Hoist Finance Group.

### Other disclosures

#### Recovery of VAT

Hoist Finance's so called sectorised partial exemption method for recovery of input value added tax has been investigated by the Swedish Tax Agency for quite some time. For the years 2014, 2015 and 2017, the Swedish Tax Agency has now in principal accepted the model that is applied for these years, which has resulted in a net refund of value added tax amounting to SEK 26m, which is reported in the income statement for the third quarter. Hoist Finance has requested additional refund of input value added tax according to the applied recovery method for the years 2012–2013, 2016, 2018–2020. It is still uncertain which parts of the recovery method that will be approved by the court for these years.

#### Tax audit in Germany

A decision will also be issued soon in an ongoing tax audit in Germany concerning the years 2013–2016, where the monetary consequences are not assessed to result in any further impact on the result, as the parent company throughout the process already has provisioned for the expected outcome (SEK 91m). The audit concerns transfer pricing, i.e. distribution of profits between countries and companies within the same Group. A process to handle the corresponding issue for subsequent years has been initiated, where it remains to be seen how the parent company and the German and Swedish tax authorities can agree on a distribution of the profits in a correct way between the countries. The parent company has also provisioned for subsequent years from 2017 in line with the expected outcome for these years (SEK 29m).

#### New subsidiaries

During 2023 subsidiaries has been established in Spain, Corelsa ReoCo S.L., and in Greece, Hoist Consulting Single Member S.A. For a more detailed description of the Group's legal structure, please refer to the 2022 Annual Report.

### Subsequent events

After the end of the quarter, the single largest risk exposure has been divested at book value, a credit in Italy from 2018 of more than SEK 300m.

### Review

This interim report has not been reviewed by the Company's auditors.

# Quarterly Review

## Condensed income statement

| SEK m  | Quarter 3<br>2023 | Quarter 2<br>2023 | Quarter 1<br>2023 | Quarter 4<br>2022 | Quarter 3<br>2022 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Net interest income                          | 732               | 695               | 670               | 586               | 560               |
| Total operating income                       | 916               | 903               | 766               | 652               | 595               |
| Total operating expenses                     | -693              | -743              | -633              | -676              | -522              |
| Net operating profit/loss                    | 223               | 160               | 133               | -24               | 73                |
| Profit/loss before tax                       | 282               | 178               | 144               | 5                 | 116               |
| Net profit/loss from discontinued operations | -                 | -                 | -                 | 237               | 56                |
| <b>Net profit/loss</b>                       | <b>270</b>        | <b>161</b>        | <b>93</b>         | <b>255</b>        | <b>153</b>        |

## Key ratios<sup>1)</sup>

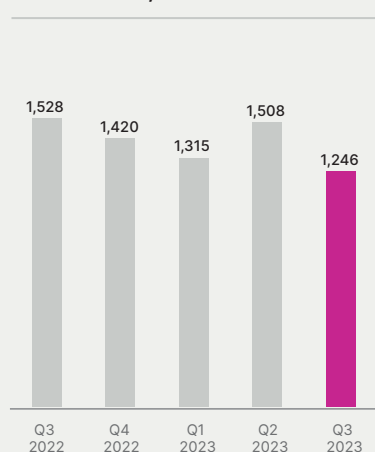
| SEK m  | Quarter 3<br>2023 | Quarter 2<br>2023 | Quarter 1<br>2023 | Quarter 4<br>2022 | Quarter 3<br>2022 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Cash EBITDA  | 1,246             | 1,508             | 1,315             | 1,420             | 1,528             |
| C/I ratio, %   | 71                | 81                | 81                | 99                | 82                |
| Return on equity, %  | 19                | 10                | 6                 | 20                | 12                |
| Portfolio acquisitions   | 1,675             | 1,139             | 1,909             | 2,767             | 342               |
| Basic and diluted earnings per share from continuing operations, SEK | 2.34              | 1.45              | 0.66              | 0.19              | 0.7               |

| SEK m                      | 30 Sep<br>2023 | 30 Jun<br>2023 | 31 Mar<br>2023 | 31 Dec<br>2022 | 30 Sep<br>2022 |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| Gross 180-month ERC        | 37,261         | 36,847         | 35,452         | 32,946         | 28,846         |
| Portfolio book value       | 23,834         | 23,797         | 22,892         | 21,624         | 19,370         |
| Total capital ratio, %     | 20.54          | 22.20          | 22.37          | 23.49          | 19.20          |
| CET1 ratio, %              | 13.86          | 14.75          | 15.01          | 15.85          | 12.23          |
| Number of employees (FTEs) | 1,269          | 1,319          | 1,323          | 1,304          | 1,455          |

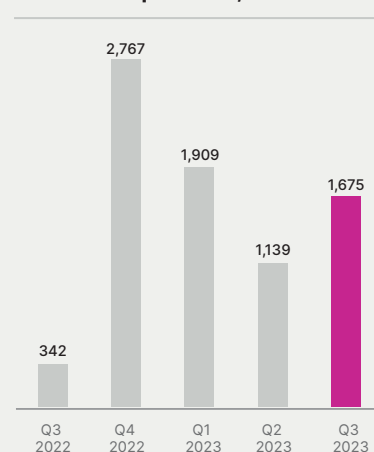
1) See Definitions

For details on items affecting comparability for previous quarters, please refer to the Financial Fact Book: [hoistfinance.com/Investors/reports-and-presentations2/](https://hoistfinance.com/Investors/reports-and-presentations2/)

Cash EBITDA, SEK m



Portfolio acquisitions, SEK m



# Financial statements

## Consolidated income statement

| SEK m  | Note | Quarter 3<br>2023 | Quarter 3<br>2022 | Jan-Sep<br>2023 | Jan-Sep<br>2022 | Full-year<br>2022 |
|--|------|-------------------|-------------------|-----------------|-----------------|-------------------|
| Interest income acquired loan portfolios calculated using the effective interest rate method |      | 900               | 675               | 2,528           | 1,957           | 2,678             |
| Other interest income <sup>1)</sup>  |      | 44                | 14                | 129             | 17              | 50                |
| Interest expense   |      | -212              | -129              | -560            | -395            | -562              |
| <b>Net interest income</b>   |      | <b>732</b>        | <b>560</b>        | <b>2,097</b>    | <b>1,579</b>    | <b>2,166</b>      |
| Impairment gains and losses  | 4    | 44                | 42                | 232             | 118             | 53                |
| Fee and commission income  |      | 22                | 15                | 81              | 49              | 66                |
| Net result from financial transactions   |      | 83                | -24               | 77              | 204             | 309               |
| Derecognition gains and losses   |      | 1                 | -                 | 46              | -               | -                 |
| Other operating income   |      | 34                | 2                 | 52              | 11              | 20                |
| <b>Total operating income</b>  | 3    | <b>916</b>        | <b>595</b>        | <b>2,585</b>    | <b>1,961</b>    | <b>2,613</b>      |
| Personnel expenses   |      | -236              | -191              | -736            | -545            | -766              |
| Collection costs   |      | -243              | -172              | -739            | -530            | -764              |
| Other administrative expenses  |      | -189              | -132              | -519            | -383            | -575              |
| Depreciation and amortisation of tangible and intangible assets                              |      | -25               | -27               | -75             | -79             | -109              |
| <b>Total operating expenses</b>  | 3    | <b>-693</b>       | <b>-522</b>       | <b>-2,069</b>   | <b>-1,537</b>   | <b>-2,214</b>     |
| <b>Net operating profit/loss</b>   |      | <b>223</b>        | <b>73</b>         | <b>516</b>      | <b>424</b>      | <b>399</b>        |
| Share of profit from joint ventures  | 3    | 59                | 43                | 88              | 62              | 91                |
| <b>Profit/loss before tax</b>  | 3    | <b>282</b>        | <b>116</b>        | <b>604</b>      | <b>486</b>      | <b>490</b>        |
| Income tax expense   |      | -12               | -19               | -80             | -91             | -79               |
| Net profit from discontinued operations  |      | -                 | 56                | -               | 152             | 389               |
| <b>Net profit/loss</b>   |      | <b>270</b>        | <b>153</b>        | <b>524</b>      | <b>547</b>      | <b>801</b>        |
| Profit/loss attributable to:   |      |                   |                   |                 |                 |                   |
| Owners of Hoist Finance AB (publ)  |      | 208               | 119               | 397             | 452             | 706               |
| Additional Tier 1 capital holders  |      | 62                | 34                | 127             | 95              | 95                |
| Basic and diluted earnings per share continuing operations, SEK                              |      | 2.34              | 0.70              | 4.44            | 3.35            | 3.55              |
| Basic and diluted earnings per share discontinued operations, SEK                            |      | 0.00              | 0.63              | 0.00            | 1.72            | 4.36              |
| Basic and diluted earnings per share total, SEK  |      | 2.34              | 1.33              | 4.44            | 5.07            | 7.91              |

1) Of which interest income calculated using the effective interest method amount to SEK 11.2m (4.6) during quarter 3, SEK 31.8m (8.0) during Jan-Sep and SEK 16m during full-year 2022.

## Condensed consolidated statement of comprehensive income

| SEK m  | Quarter 3<br>2023 | Quarter 3<br>2022 | Jan-Sep<br>2023 | Jan-Sep<br>2022 | Full-year<br>2022 |
|--|-------------------|-------------------|-----------------|-----------------|-------------------|
| <b>Net profit/loss for the period</b>                                      | <b>270</b>        | <b>153</b>        | <b>524</b>      | <b>547</b>      | <b>801</b>        |
| <i>Other comprehensive income</i>  |                   |                   |                 |                 |                   |
| Items that will not be reclassified to profit or loss                      |                   |                   |                 |                 |                   |
| Revaluation of defined benefit pension plan                                | –                 | –                 | –               | –               | 13                |
| Tax attributable to items that will not be reclassified to profit or loss  | –                 | –                 | –               | –               | –                 |
| <b>Total items that will not be reclassified to profit or loss</b>         | <b>–</b>          | <b>–</b>          | <b>–</b>        | <b>–</b>        | <b>13</b>         |
| <i>Items that may be reclassified subsequently to profit or loss</i>       |                   |                   |                 |                 |                   |
| Translation difference, foreign operations                                 | –405              | –34               | 212             | –4              | 247               |
| Hedging of currency risk in foreign operations                             | 234               | –29               | –385            | –159            | –475              |
| Transferred to the income statement during the year <sup>1)</sup>          | 12                | 1                 | 17              | 3               | 210               |
| Tax attributable to items that may be reclassified to profit or loss       | –48               | 6                 | 80              | 33              | 98                |
| <b>Total items that may be reclassified subsequently to profit or loss</b> | <b>–207</b>       | <b>–56</b>        | <b>–76</b>      | <b>–126</b>     | <b>80</b>         |
| <b>Other comprehensive income for the period</b>                           | <b>–207</b>       | <b>–56</b>        | <b>–76</b>      | <b>–126</b>     | <b>93</b>         |
| <b>Total comprehensive income for the period</b>                           | <b>63</b>         | <b>97</b>         | <b>448</b>      | <b>421</b>      | <b>894</b>        |
| Profit/loss attributable to:   |                   |                   |                 |                 |                   |
| Owners of Hoist Finance AB (publ)  | 1                 | 63                | 321             | 326             | 799               |
| Additional Tier 1 capital holders  | 62                | 34                | 127             | 95              | 95                |

1) Due to discontinued operations SEK –206m has been transferred to the income statement during full year 2022.

## Consolidated balance sheet

| SEK m  | Note | 30 Sep<br>2023 | 30 Sep<br>2022 | 31 Dec<br>2022 |
|--|------|----------------|----------------|----------------|
| <b>ASSETS</b>  |      |                |                |                |
| Cash   |      | 0              | 0              | 0              |
| Treasury bills and Treasury bonds                          | 5    | 2,690          | 1,652          | 2,789          |
| Lending to credit institutions                             | 5    | 2,899          | 2,013          | 2,358          |
| Lending to the public                                      | 5    | 1              | 2              | 1              |
| Portfolio book value                                       | 3,4  | 23,834         | 19,370         | 21,624         |
| Value change of interest-hedged items in portfolio hedging |      | 38             | -170           | 9              |
| Bonds and other securities                                 | 5    | 1,752          | 3,327          | 4,094          |
| Shares and participations in joint ventures                |      | 166            | 161            | 188            |
| Intangible assets  |      | 245            | 333            | 297            |
| Tangible assets  |      | 188            | 165            | 221            |
| Other assets   |      | 1,658          | 532            | 694            |
| Deferred tax assets  |      | 156            | 123            | 116            |
| Prepayments and accrued income                             |      | 165            | 104            | 108            |
| Assets held for sale                                       |      | –              | 4,181          | –              |
| <b>TOTAL ASSETS</b>  |      | <b>33,792</b>  | <b>31,793</b>  | <b>32,499</b>  |
| <b>LIABILITIES AND EQUITY</b>                              |      |                |                |                |
| <b>Liabilities</b>   |      |                |                |                |
| Deposits from the public                                   | 5    | 19,835         | 18,198         | 18,581         |
| Debt securities issued                                     | 5    | 4,468          | 5,476          | 5,545          |
| Tax liabilities  |      | 100            | 158            | 107            |
| Other liabilities  |      | 2,031          | 1,193          | 1,158          |
| Deferred tax liabilities                                   |      | 67             | 100            | 85             |
| Accrued expenses and deferred income                       |      | 377            | 220            | 329            |
| Provisions   |      | 63             | 59             | 47             |
| Subordinated debts   |      | 917            | 871            | 903            |
| Liabilities held for sale                                  |      | –              | 250            | –              |
| <b>Total liabilities</b>                                   |      | <b>27,858</b>  | <b>26,525</b>  | <b>26,755</b>  |
| <b>Equity</b>  |      |                |                |                |
| Additional Tier 1 capital holders                          |      | 1,109          | 1,106          | 1,106          |
| Share capital  |      | 30             | 30             | 30             |
| Other contributed equity                                   |      | 2,275          | 2,275          | 2,275          |
| Reserves   |      | -390           | -521           | -314           |
| Retained earnings including profit/loss for the period     |      | 2,910          | 2,378          | 2,647          |
| <b>Total equity</b>  |      | <b>5,934</b>   | <b>5,268</b>   | <b>5,744</b>   |
| <b>TOTAL LIABILITIES AND EQUITY</b>                        |      | <b>33,792</b>  | <b>31,793</b>  | <b>32,499</b>  |



## Consolidated statement of changes in equity

|   | Equity attributable to shareholders of Hoist Finance AB (publ) |                          |               |                     |  |       |                                   |              |
|---|--|--------------------------|---------------|---------------------|--|-------|-----------------------------------|--------------|
|   |  |                          | Reserves      |                     |  |       |                                   |              |
| SEK m   | Share capital  | Other contributed equity | Hedge reserve | Translation reserve | Retained earnings including profit/loss for the period | Total | Additional Tier 1 capital holders | Total equity |
| Opening balance 1 Jan 2023                                | 30   | 2,275                    | -687          | 373                 | 2,647  | 4,638 | 1,106                             | 5,744        |
| Comprehensive income for the period                       |  |                          |               |                     |  |       |                                   |              |
| Profit/loss for the period                                |  |                          |               |                     | 397  | 397   | 127                               | 524          |
| Other comprehensive income                                |  |                          | -288          | 212                 |  | -76   |                                   | -76          |
| Total comprehensive income for the period                 | 0  | 0                        | -288          | 212                 | 397  | 321   | 127                               | 448          |
| Transactions reported directly in equity                  |  |                          |               |                     |  |       |                                   |              |
| Issued Additional Tier 1 capital instrument <sup>1)</sup> |  |                          |               |                     |  |       | 700                               | 700          |
| Called Additional Tier 1 capital instrument <sup>1)</sup> |  |                          |               |                     | -128   | -128  | -701                              | -829         |
| Transaction cost Tier 1 capital instrument                |  |                          |               |                     | -13  | -13   | 5                                 | -8           |
| Interest paid on capital contribution                     |  |                          |               |                     |  |       | -127                              | -127         |
| Acquisition agreement for treasury shares <sup>2)</sup>   |  |                          |               |                     | 8  | 8     |                                   | 8            |
| Tax effect on items reported directly in equity           |  |                          |               |                     | 3  | 3     | -1                                | 2            |
| Share based payments <sup>3)</sup>                        |  |                          |               |                     | -4   | -4    |                                   | -4           |
| Total transactions reported directly in equity            |  |                          |               |                     | -135   | -135  | -124                              | -259         |
| Closing balance 30 Sep 2023                               | 30   | 2,275                    | -975          | 585                 | 2,910  | 4,825 | 1,109                             | 5,934        |

1) Issued amount of SEK 700m, called amount of EUR 70m with a FX-effect of SEK 128m.

2) Called swap, issued 2020 to secure the delivery of treasury shares in the LTIP programme.

3) For more information on share-based payments, see Hoist Finance Annual report 2022.

| SEK m  | Equity attributable to shareholders of Hoist Finance AB (publ) |                          |               |                     |  |       | Total | Additional Tier 1 capital holders | Total equity |
|--|--|--------------------------|---------------|---------------------|--|-------|-------|-----------------------------------|--------------|
|  | Share capital  | Other contributed equity | Reserves      |                     | Retained earnings including profit/loss for the period |       |       |                                   |              |
|  |  |                          | Hedge reserve | Translation reserve |  |       |       |                                   |              |
| Opening balance 1 Jan 2022                     | 30   | 2,275                    | -473          | 79                  | 1,924  | 3,835 | 1,106 | 4,941                             |              |
| Comprehensive income for the period            |  |                          |               |                     |  |       |       |                                   |              |
| Profit/loss for the period                     |  |                          |               |                     | 452  | 452   | 95    | 547                               |              |
| Other comprehensive income                     |  |                          | -123          | -4                  |  | -127  |       | -127                              |              |
| Total comprehensive income for the period      |  |                          | -123          | -4                  | 452  | 325   | 95    | 420                               |              |
| Transactions reported directly in equity       |  |                          |               |                     |  |       |       |                                   |              |
| Interest paid on Additional Tier 1 capital     |  |                          |               |                     |  |       | -95   | -95                               |              |
| Share-based payments <sup>1)</sup>             |  |                          |               |                     | 2  | 2     |       | 2                                 |              |
| Total transactions reported directly in equity |  |                          |               |                     | 2  | 2     | -95   | -93                               |              |
| Closing balance 30 Sep 2022                    | 30   | 2,275                    | -596          | 75                  | 2,378  | 4,162 | 1,106 | 5,268                             |              |

1) For more information on share-based payments, see Hoist Finance Annual report 2021.

## Consolidated statement of changes in equity

|  | Equity attributable to shareholders of Hoist Finance AB (publ) |                          |               |                     |  |       |                                   |              |
|--|--|--------------------------|---------------|---------------------|--|-------|-----------------------------------|--------------|
|  |  |                          | Reserves      |                     |  |       |                                   |              |
| SEK m  | Share capital  | Other contributed equity | Hedge reserve | Translation reserve | Retained earnings including profit/loss for the period | Total | Additional Tier 1 capital holders | Total equity |
| Opening balance 1 Jan 2022                     | 30   | 2,275                    | −473          | 79                  | 1,924  | 3,835 | 1,106                             | 4,941        |
| Comprehensive income for the period            |  |                          |               |                     |  |       |                                   |              |
| Profit/loss for the period <sup>1)</sup>       |  |                          |               |                     | 706  | 706   | 95                                | 801          |
| Other comprehensive income                     |  |                          | −214          | 294                 | 13   | 93    |                                   | 93           |
| Total comprehensive income for the period      |  |                          | −214          | 294                 | 719  | 799   | 95                                | 894          |
| Transactions reported directly in equity       |  |                          |               |                     |  |       |                                   |              |
| Interest paid on Additional Tier 1 capital     |  |                          |               |                     |  |       | −95                               | −95          |
| Share-based payments <sup>2)</sup>             |  |                          |               |                     | 4  | 4     |                                   | 4            |
| Total transactions reported directly in equity |  |                          |               |                     | 4  | 4     | −95                               | −91          |
| Closing balance 31 Dec 2022                    | 30   | 2,275                    | −687          | 373                 | 2,647  | 4,638 | 1,106                             | 5,744        |

1) Net profit for the period includes reclassifications of hedging reserves and historical exchange rate effects that were realised in profit/loss upon the sale of the disposal group of operations in the UK, amounting to SEK –206m net after tax.

2) For more information on share-based payments, see Hoist Finance Annual report 2022.

## Condensed consolidated cash flow statement

| SEK m  | Quarter 3<br>2023 | Quarter 3<br>2022 | Jan-Sep<br>2023 | Jan-Sep<br>2022 | Full-year<br>2022 |
|--|-------------------|-------------------|-----------------|-----------------|-------------------|
| <b>Profit/loss before tax</b>  | <b>282</b>        | <b>169</b>        | <b>604</b>      | <b>628</b>      | <b>490</b>        |
| of which, paid-in interest   | 947               | 821               | 2,660           | 2,383           | 2,727             |
| of which, interest paid  | -189              | -96               | -437            | -316            | -562              |
| Adjustment for other items not included in cash flow                           | -434              | 117               | -463            | -89             | 30                |
| Realised result from divestment of shares and participations in joint ventures | 2                 | -                 | 3               | -               | 3                 |
| Net profit/loss for the period attributable to discontinued operations         | -                 | -17               | -               | -55             | 164               |
| Income tax paid/received   | -21               | -23               | -62             | -59             | -113              |
| Amortisations on acquired loan portfolios                                      | 869               | 1,098             | 2,949           | 3,564           | 4,588             |
| Increase/decrease in other assets and liabilities                              | 241               | 537               | -264            | 666             | -1,318            |
| <b>Cash flow from operating activities</b>                                     | <b>939</b>        | <b>1,881</b>      | <b>2,767</b>    | <b>4,655</b>    | <b>3,844</b>      |
| Acquired loan portfolios   | -1,675            | -342              | -4,724          | -4,161          | -6,928            |
| Disposed loan portfolios   | -                 | -                 | 574             | -               | -                 |
| Investments in bonds and other securities                                      | -                 | -722              | -               | -1,124          | -1,878            |
| Divestments of bonds and other securities                                      | 276               | 101               | 2,361           | 1,254           | 1,254             |
| Divested subsidiaries  | -                 | -                 | -               | -               | 500               |
| Other cash flows from investing activities                                     | 137               | -21               | 164             | -2              | -77               |
| <b>Cash flow from investing activities</b>                                     | <b>-1,262</b>     | <b>-984</b>       | <b>-1,625</b>   | <b>-4,033</b>   | <b>-7,129</b>     |
| Deposits from the public   | 1,256             | -270              | 762             | -612            | -452              |
| Net lending attributable to discontinued operations                            | -                 | -                 | -               | -               | 4,965             |
| Debt securities issued   | 601               | 0                 | 1,596           | 864             | 880               |
| Repurchase and repayment of Debt securities issued                             | -                 | -19               | -2,581          | -896            | -918              |
| Additional Tier 1 capital  | -474              | -                 | -137            | -               | -                 |
| Interest paid on Additional Tier 1 capital                                     | -62               | -34               | -127            | -95             | -95               |
| Amortisation of lease liabilities  | -13               | -13               | -38             | -38             | -50               |
| <b>Cash flow from financing activities</b>                                     | <b>1,308</b>      | <b>-336</b>       | <b>-525</b>     | <b>-777</b>     | <b>4,330</b>      |
| <b>Cash flow for the period</b>  | <b>985</b>        | <b>561</b>        | <b>617</b>      | <b>-154</b>     | <b>1,045</b>      |
| Cash at beginning of the period  | 4,405             | 2,992             | 4,809           | 3,625           | 3,625             |
| Translation difference   | -69               | 10                | -105            | 92              | 139               |
| <b>Cash at end of the period<sup>3)</sup></b>                                  | <b>5,321</b>      | <b>3,563</b>      | <b>5,321</b>    | <b>3,563</b>    | <b>4,809</b>      |

### 3) Cash and cash equivalents in cash flow statement

| SEK m   | 30 Sep<br>2023 | 30 Sep<br>2022 | 31 Dec<br>2022 |
|---|----------------|----------------|----------------|
| Cash  | 0              | 0              | 0              |
| Treasury bills and Treasury bonds                               | 2,690          | 1,652          | 2,789          |
| Lending to credit institutions                                  | 2,899          | 2,251          | 2,358          |
| Excl. lending to credit institutions in securitisation vehicles | -268           | -340           | -338           |
| <b>Total cash and cash equivalents in cash flow statement</b>   | <b>5,321</b>   | <b>3,563</b>   | <b>4,809</b>   |

# Parent Company

## Parent Company condensed income statement

| SEK m   | Quarter 3<br>2023 | Quarter 3<br>2022 | Jan-Sep<br>2023 | Jan-Sep<br>2022 | Full-year<br>2022 |
|---|-------------------|-------------------|-----------------|-----------------|-------------------|
| Interest income   | 474               | 448               | 1,411           | 1,248           | 1,661             |
| Interest expense  | -198              | -119              | -517            | -359            | -513              |
| <b>Net interest income</b>                                      | <b>276</b>        | <b>329</b>        | <b>894</b>      | <b>889</b>      | <b>1,148</b>      |
| Dividends received  | 358               | -                 | 358             | -               | -                 |
| Net result from financial transactions                          | 42                | 83                | -74             | 207             | 42                |
| Other operating income  | 71                | 37                | 187             | 134             | 260               |
| <b>Total operating income</b>                                   | <b>747</b>        | <b>449</b>        | <b>1,365</b>    | <b>1,230</b>    | <b>1,450</b>      |
| General administrative expenses                                 | -410              | -320              | -1,245          | -901            | -1,307            |
| Depreciation and amortisation of tangible and intangible assets | -12               | -14               | -36             | -41             | -55               |
| <b>Total operating expenses</b>                                 | <b>-422</b>       | <b>-334</b>       | <b>-1,281</b>   | <b>-942</b>     | <b>-1,362</b>     |
| <b>Profit before credit losses</b>                              | <b>325</b>        | <b>115</b>        | <b>84</b>       | <b>288</b>      | <b>88</b>         |
| Impairment gains and losses on acquired loan portfolios         | -54               | 27                | 45              | 70              | 54                |
| Amortisation of other financial fixed assets                    | 0                 | 0                 | 0               | -35             | -36               |
| Share of profit from joint ventures                             | 154               | 17                | 185             | 56              | 65                |
| <b>Profit/loss before tax</b>                                   | <b>425</b>        | <b>159</b>        | <b>314</b>      | <b>379</b>      | <b>171</b>        |
| Appropriations  | 0                 | 0                 | 0               | 0               | 60                |
| Taxes   | -86               | -43               | -11             | -92             | 14                |
| <b>Net profit/loss</b>  | <b>339</b>        | <b>116</b>        | <b>303</b>      | <b>287</b>      | <b>245</b>        |

## Parent company condensed statement of comprehensive income

| SEK m  | Quarter 3<br>2023 | Quarter 3<br>2022 | Jan-Sep<br>2023 | Jan-Sep<br>2022 | Full-year<br>2022 |
|--|-------------------|-------------------|-----------------|-----------------|-------------------|
| <b>Net profit/loss</b>   | <b>339</b>        | <b>116</b>        | <b>303</b>      | <b>287</b>      | <b>245</b>        |
| Other comprehensive income   |                   |                   |                 |                 |                   |
| Items that may be reclassified subsequently to profit or loss              | 1                 | 0                 | 1               | 0               | 0                 |
| Translation difference, foreign operations                                 | 0                 | 0                 | 0               | 0               | 0                 |
| Tax attributable to items that may be reclassified to profit or loss       | 0                 | 0                 | 0               | 0               | -                 |
| <b>Total items that may be reclassified subsequently to profit or loss</b> | <b>1</b>          | <b>0</b>          | <b>1</b>        | <b>0</b>        | <b>0</b>          |
| <b>Other comprehensive income for the period</b>                           | <b>1</b>          | <b>0</b>          | <b>1</b>        | <b>0</b>        | <b>0</b>          |
| <b>Total comprehensive income for the period</b>                           | <b>340</b>        | <b>116</b>        | <b>305</b>      | <b>287</b>      | <b>245</b>        |

## Parent Company condensed balance sheet

| SEK m  | 30 Sep<br>2023 | 30 Sep<br>2022 | 31 Dec<br>2022 |
|--|----------------|----------------|----------------|
| <b>ASSETS</b>  |                |                |                |
| Cash   | 4,198          | 2,902          | 4,236          |
| Portfolio book value                                       | 10,093         | 8,783          | 9,107          |
| Value change of interest-hedged items in portfolio hedging | –              | –              | –              |
| Receivables, Group companies                               | 7,256          | 11,726         | 7,456          |
| Bonds and other securities                                 | 1,752          | 3,327          | 4,094          |
| Shares in subsidiaries and joint ventures                  | 6,394          | 3,812          | 4,840          |
| Tangible and intangible fixed assets                       | 87             | 188            | 145            |
| Other assets   | 1,695          | 509            | 692            |
| <b>TOTAL ASSETS</b>  | <b>31,476</b>  | <b>31,247</b>  | <b>30,570</b>  |
| <b>LIABILITIES AND EQUITY</b>                              |                |                |                |
| <b>Liabilities</b>   |                |                |                |
| Deposits from the public                                   | 19,835         | 18,198         | 18,581         |
| Debt securities issued                                     | 3,965          | 4,982          | 5,053          |
| Other liabilities  | 1,693          | 2,095          | 1,030          |
| Provisions   | 53             | 36             | 36             |
| Subordinated debts   | 917            | 872            | 903            |
| <b>Total liabilities and provisions</b>                    | <b>26,463</b>  | <b>26,183</b>  | <b>25,603</b>  |
| <b>Untaxed reserves</b>                                    | <b>225</b>     | <b>285</b>     | <b>225</b>     |
| <b>Equity</b>  |                |                |                |
| Restricted equity  | 48             | 114            | 52             |
| <b>Total restricted equity</b>                             | <b>48</b>      | <b>114</b>     | <b>52</b>      |
| <b>Non-restricted equity</b>                               |                |                |                |
| Additional Tier 1 capital holders                          | 1,109          | 1,106          | 1,106          |
| Non-restricted equity attributable to shareholders         | 3,631          | 3,559          | 3,584          |
| <b>Total unrestricted equity</b>                           | <b>4,740</b>   | <b>4,665</b>   | <b>4,690</b>   |
| <b>Total equity</b>  | <b>4,788</b>   | <b>4,779</b>   | <b>4,742</b>   |
| <b>TOTAL LIABILITIES AND EQUITY</b>                        | <b>31,476</b>  | <b>31,247</b>  | <b>30,570</b>  |

# Notes

## Note 1 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 2023

No IFRS or IFRIC Interpretations that came into effect in 2023 had any significant impact on the Group's financial reports or capital adequacy.

During second quarter 2023 the Parent Company, like the Group, expanded its management of fair value hedging to include interest rate risk on unsecured loan portfolios.

In all material respects, the Group's and Parent Company's accounting principles, bases for calculation and presentation remain unchanged from those applied in the 2022 annual report.

### Critical estimates and judgements

Hoist Finance continuously monitors the development of the Group's loan portfolios and markets and the ways in which these are impacted by macroeconomic factors.

As regards developments in Ukraine, Hoist Finance's assessment is that this does not currently affect our business, as no operations are conducted in Ukraine or Russia.

While other macroeconomic factors such as inflation and higher interest rates have not had any impact on Hoist Finance's estimates and assessments to date, developments are being closely monitored to evaluate whether such factors may result in a decrease of our customers' ability to amortise their debt in the future. This might then affect the valuation of our credit portfolios.

There have been no changes to the previous estimates, assumptions and assessments presented in the 2022 Annual Report.

For Subsequent events according to IAS 34.16A, please see page 11.

## Note 2 Exchange rates

|                                      | Quarter 3<br>2023 | Quarter 3<br>2022 | Full-year<br>2022 |
|--------------------------------------|-------------------|-------------------|-------------------|
| <b>1 EUR = SEK</b>                   |                   |                   |                   |
| Income statement (average)           | 11.4667           | 10.5232           | 10.6232           |
| Balance sheet (at end of the period) | 11.4923           | 10.9177           | 11.1283           |
| <b>1 GBP = SEK</b>                   |                   |                   |                   |
| Income statement (average)           | 13.1670           | 12.4285           | 12.4639           |
| Balance sheet (at end of the period) | 13.2748           | 12.4071           | 12.5811           |

|                                      | Quarter 3<br>2023 | Quarter 3<br>2022 | Full-year<br>2022 |
|--------------------------------------|-------------------|-------------------|-------------------|
| <b>1 PLN = SEK</b>                   |                   |                   |                   |
| Income statement (average)           | 2.5022            | 2.2542            | 2.2684            |
| Balance sheet (at end of the period) | 2.4805            | 2.2489            | 2.3741            |
| <b>1 RON=SEK</b>                     |                   |                   |                   |
| Income statement (average)           | 2.3241            | 2.1323            | 2.1541            |
| Balance sheet (at end of the period) | 2.3299            | 2.2060            | 2.2484            |

## Note 3 Segment reporting

### Operating segments

Segment reporting has been prepared based on the manner in which executive management monitors operations.

**Unsecured** has full responsibility for unsecured non-performing loans. Unsecured leads the transition from analogue to digital debt management and works with national markets and other business areas to ensure Hoist Finance's digital industry leadership. Unsecured is also responsible for customer relations services provided for unsecured NPLs.

**Secured** has full responsibility for secured non-performing loans, including recovery activities, call centre and collateral management. Non-credit impaired loan portfolios are included in this segment, as these also have collateral attached to the receivable.

The business lines' income statements follow the statutory account preparation for the Group's income statement for Total operating income, with the exception of interest expense. Interest expense is included in Net interest income in Total operating income and is allocated to the business lines based on acquired loan portfolio assets in relation to a fixed internal monthly interest rate for each portfolio. The difference between the external interest expense and internal funding cost is reported in Central functions.

Total operating expenses also follow the statutory account preparation for the Group's income statement, but are distributed between direct and indirect expenses. Direct expenses are expenses directly attributable to, while indirect expenses are expenses from central and support functions that are related to the business lines.

Group items pertains to revenue and expenses for the Group's corporate financial transactions, expenses for deposits from the public, and other operating expenses.

With respect to the balance sheet, only portfolio book value are monitored. Other assets and liabilities are not monitored on a segment-by-segment basis.

### Income statement, Quarter 3, 2023

| SEK m                               | Unsecured   | Secured    | Group items | Total continuing operations |
|-------------------------------------|-------------|------------|-------------|-----------------------------|
| <b>Total operating income</b>       | <b>578</b>  | <b>185</b> | <b>153</b>  | <b>916</b>                  |
| of which, interest expense          | -140        | -62        | -10         | -212                        |
| <b>Operating expenses</b>           |             |            |             |                             |
| Direct expenses <sup>1)</sup>       | -323        | -66        |             | -389                        |
| Indirect expenses <sup>1)</sup>     |             |            | -304        | -304                        |
| <b>Total operating expenses</b>     | <b>-323</b> | <b>-66</b> | <b>-304</b> | <b>-693</b>                 |
| Share of profit from joint ventures | -59         |            |             | -59                         |
| <b>Profit/loss before tax</b>       | <b>314</b>  | <b>119</b> | <b>-151</b> | <b>282</b>                  |
| <b>Key ratios<sup>2)</sup></b>      |             |            |             |                             |
| Portfolio book value                | 16,219      | 7,615      |             | 23,834                      |
| Gross Collections                   | 1,357       | 348        |             | 1,705                       |

1) Direct expenses are expenses directly attributable to the Business line. Indirect expenses are expenses related to support functions, including Loan- and Asset management.

2) See Definitions



**Note 3 Segment reporting, cont.**
**Income statement, Quarter 3, 2022**

| SEK m                               | Unsecured   | Secured    | Group items | Total continuing operations |
|-------------------------------------|-------------|------------|-------------|-----------------------------|
| <b>Total operating income</b>       | <b>490</b>  | <b>73</b>  | <b>32</b>   | <b>595</b>                  |
| of which, interest expense          | -142        | -28        | 41          | -129                        |
| <b>Operating expenses</b>           |             |            |             |                             |
| Direct expenses <sup>1)</sup>       | -249        | -33        |             | -282                        |
| Indirect expenses <sup>1)</sup>     |             |            | -240        | -240                        |
| <b>Total operating expenses</b>     | <b>-249</b> | <b>-33</b> | <b>-240</b> | <b>-522</b>                 |
| Share of profit from joint ventures | 43          |            |             | 43                          |
| <b>Profit/loss before tax</b>       | <b>284</b>  | <b>40</b>  | <b>-208</b> | <b>115</b>                  |
| <b>Key ratios<sup>2)</sup></b>      |             |            |             |                             |
| Portfolio book value                | 14,818      | 4,552      |             | 19,370                      |
| Gross Collections                   | 1,259       | 323        |             | 1,582                       |

1) Direct expenses are expenses directly attributable to the Business line. Indirect expenses are expenses related to support functions, including Loan- and Asset management.

2) See Definitions

**Income statement, Jan-Sep, 2023**

| SEK m                               | Unsecured    | Secured     | Group items | Total continuing operations |
|-------------------------------------|--------------|-------------|-------------|-----------------------------|
| <b>Total operating income</b>       | <b>1,909</b> | <b>428</b>  | <b>248</b>  | <b>2,585</b>                |
| of which, interest expense          | -401         | -148        | -11         | -560                        |
| <b>Operating expenses</b>           |              |             |             |                             |
| Direct expenses <sup>1)</sup>       | -983         | -174        |             | -1,157                      |
| Indirect expenses <sup>1)</sup>     |              |             | -912        | -912                        |
| <b>Total operating expenses</b>     | <b>-983</b>  | <b>-174</b> | <b>-912</b> | <b>-2,069</b>               |
| Share of profit from joint ventures | 88           |             |             | 88                          |
| <b>Profit/loss before tax</b>       | <b>1,014</b> | <b>254</b>  | <b>-684</b> | <b>604</b>                  |
| <b>Key ratios<sup>2)</sup></b>      |              |             |             |                             |
| Portfolio book value                | 16,219       | 7,615       |             | 23,834                      |
| Gross Collections                   | 4,271        | 1,066       |             | 5,337                       |

1) Direct expenses are expenses directly attributable to the Business line. Indirect expenses are expenses related to support functions, including Loan- and Asset management.

2) See Definitions

**Note 3 Segment reporting, cont.**
**Income statement, Jan-Sep, 2022**

| SEK m                               | Unsecured    | Secured     | Group items | Total continuing operations |
|-------------------------------------|--------------|-------------|-------------|-----------------------------|
| <b>Total operating income</b>       | <b>1,369</b> | <b>260</b>  | <b>332</b>  | <b>1,961</b>                |
| of which, interest expense          | -416         | -79         | 99          | -396                        |
| <b>Operating expenses</b>           |              |             |             |                             |
| Direct expenses <sup>1)</sup>       | -769         | -103        |             | -872                        |
| Indirect expenses <sup>1)</sup>     |              |             | -665        | -665                        |
| <b>Total operating expenses</b>     | <b>-769</b>  | <b>-103</b> | <b>-665</b> | <b>-1,537</b>               |
| Share of profit from joint ventures | 62           |             |             | 62                          |
| <b>Profit/loss before tax</b>       | <b>663</b>   | <b>155</b>  | <b>-333</b> | <b>486</b>                  |
| <b>Key ratios<sup>2)</sup></b>      |              |             |             |                             |
| Portfolio book value                | 14,818       | 4,552       |             | 19,370                      |
| Gross Collections                   | 3,656        | 1,239       |             | 4,895                       |

1) Direct expenses are expenses directly attributable to the Business line. Indirect expenses are expenses related to support functions, including Loan- and Asset management.

2) See Definitions.

**Income statement, full-year, 2022**

| SEK m                               | Unsecured     | Secured     | Group items | Total continuing operations |
|-------------------------------------|---------------|-------------|-------------|-----------------------------|
| <b>Total operating income</b>       | <b>1,804</b>  | <b>352</b>  | <b>458</b>  | <b>2,613</b>                |
| of which, interest expense          | -528          | -112        | 79          | -562                        |
| <b>Operating expenses</b>           |               |             |             |                             |
| Direct expenses <sup>1)</sup>       | -1,120        | -151        |             | -1,271                      |
| Indirect expenses <sup>1)</sup>     |               |             | -943        | -943                        |
| <b>Total operating expenses</b>     | <b>-1,120</b> | <b>-151</b> | <b>-943</b> | <b>-2,214</b>               |
| Share of profit from joint ventures | 91            |             |             | 91                          |
| <b>Profit/loss before tax</b>       | <b>775</b>    | <b>201</b>  | <b>-486</b> | <b>490</b>                  |
| <b>Key ratios<sup>2)</sup></b>      |               |             |             |                             |
| Portfolio book value                | 15,286        | 6,338       |             | 21,624                      |
| Gross Collections                   | 5,004         | 1,571       |             | 6,575                       |

1) Direct expenses are expenses directly attributable to the Business line. Indirect expenses are expenses related to support functions, including Loan- and Asset management.

2) See Definitions.

**Note 4 Portfolio book value**
**Portfolio book value, 30 Sep 2023**
**Acquired credit-impaired loan portfolios**

| SEK m   | Gross carrying amount | Loss allowance |              |              |      |                | Net carrying amount |
|---|-----------------------|----------------|--------------|--------------|------|----------------|---------------------|
|   |                       | Stage 1 12MECL | Stage 2 LECL | Stage 3 LECL | POCI | Loss Allowance |                     |
| Opening balance 1 Jan 2023                                    | 20,989                |                |              |              | 1    | 1              | 20,990              |
| Acquisitions  | 4,540                 |                |              |              |      |                | 4,540               |
| Interest income   | 2,474                 |                |              |              |      |                | 2,474               |
| Gross collections   | -5,337                |                |              |              |      |                | -5,337              |
| Impairment gains and losses                                   |                       |                |              |              | 233  | 233            | 233                 |
| <i>of which, realised collections against active forecast</i> |                       |                |              |              | 459  | 459            | 459                 |
| <i>of which, portfolio revaluations</i>                       |                       |                |              |              | -226 | -226           | -226                |
| Disposals   | -529                  |                |              |              |      |                |                     |
| Translation differences                                       | 698                   |                |              |              | 7    | 7              | 705                 |
| Closing balance 30 Sep 2023                                   | 22,835                |                |              |              | 241  | 241            | 23,076              |

**Acquired performing loan portfolios**

|                                     |        |    |    |    |     |     |        |
|-------------------------------------|--------|----|----|----|-----|-----|--------|
| Opening balance 1 Jan 2023          | 640    | -1 | -1 | -4 |     | -6  | 634    |
| Acquisitions                        | 184    |    |    |    |     |     | 184    |
| Interest income                     | 53     |    |    |    |     |     | 53     |
| Amortisations and interest payments | -139   |    |    |    |     |     | -139   |
| Changes in loss allowance           | -      | 0  | 0  | -1 |     | -1  | -1     |
| Derecognitions                      | 0      | 0  | 0  | -  |     | 0   | 0      |
| Translation differences             | 28     | 0  | 0  | -1 |     | -1  | 27     |
| Closing balance 30 Sep 2023         | 766    | -1 | -1 | -6 |     | -8  | 758    |
| Total closing balance 30 Sep 2023   | 23,601 | -1 | -1 | -6 | 241 | 233 | 23,834 |

The performing loan portfolios follow the ECL model in accordance with IFRS 9 for write-downs based on changes in credit risk following first recognition under the 3-step model.

The non-performing loan portfolios are acquired at a price significantly below the nominal receivable and are classified from day one as

an acquired credit-impaired receivable. Accordingly, on day one the receivables are recognised at acquisition price with no additional ECL. Expected cash flow is continuously monitored pursuant to our revaluation policy and any new adjustments to cash flow that affect the value are booked against the accumulated reserve.

**Note 4 Portfolio book value, cont.**
**Portfolio book value, 30 Sep 2022**
**Acquired credit-impaired loan portfolios**

| SEK m   | Loss allowance        |   |                |              |              |             |  | Net carrying amount, continuing operations |
|---|-----------------------|---|----------------|--------------|--------------|-------------|--|--|
|   | Gross carrying amount | Portfolio book value related to the disposal group, Gross carrying amount | Stage 1 12MECL | Stage 2 LECL | Stage 3 LECL | POCI        | Portfolio book value related to the disposal group, POCI | Loss Allowance, continuing operations      |
| <b>Opening balance 1 Jan 2022</b>                             | 21,111                | –4,587  |                |              |              | –470        | 423  | –47  |
| Acquisitions  | 4,161                 |   |                |              |              |             |  |  |
| Interest income   | 2,323                 | –413  |                |              |              |             |  |  |
| Gross collections   | –5,819                | 943   |                |              |              |             |  |  |
| Impairment gains and losses                                   |                       |   |                |              |              | 103         | 16   | 119  |
| <i>of which, realised collections against active forecast</i> |                       |   |                |              |              | 453         | 19   | 472  |
| <i>of which, portfolio revaluations</i>                       |                       |   |                |              |              | –350        | –3   | –353                                       |
| Disposals   |                       |   |                |              |              |             |  |  |
| Translation differences                                       | 1,061                 | –105  |                |              |              | –25         | 8  | –17  |
| <b>Closing balance 30 Sep 2022</b>                            | <b>22,837</b>         | <b>–4,162</b>   |                |              |              | <b>–392</b> | <b>447</b>   | <b>55</b>                                  |

**Acquired performing loan portfolios**

|  |               |  |               |           |           |             |            |           |               |
|--|---------------|--|---------------|-----------|-----------|-------------|------------|-----------|---------------|
| <b>Opening balance 1 Jan 2022</b>        | 702           |  | –1            | –1        | –4        |             |            | –6        | 696           |
| Interest income                          | 47            |  | –             | –         | –         |             |            | –         | 47            |
| Amortisations and interest payments      | –115          |  | –             | –         | –         |             |            | –         | 115           |
| Changes in loss allowance                | 0             |  | 0             | 0         | –1        |             |            | –1        | –1            |
| Derecognitions                           | –1            |  | –             | –         | –         |             |            | –         | –1            |
| Translation differences                  | 14            |  | 0             | 0         | 0         |             |            | –         | 14            |
| <b>Closing balance 30 Sep 2022</b>       | <b>647</b>    |  | <b>–1</b>     | <b>–1</b> | <b>–5</b> |             |            | <b>–7</b> | <b>640</b>    |
| <b>Total closing balance 30 Sep 2022</b> | <b>23,484</b> |  | <b>–4,162</b> | <b>–1</b> | <b>–5</b> | <b>–392</b> | <b>447</b> | <b>48</b> | <b>19,370</b> |

**Note 4 Portfolio book value, cont.**
**Portfolio book value, 31 Dec 2022**
**Acquired credit-impaired loan portfolios**

| SEK m   | Loss allowance        |   |                |              |              |          |  | Net carrying amount, continuing operations |
|---|-----------------------|---|----------------|--------------|--------------|----------|--|--|
|   | Gross carrying amount | Portfolio book value related to the disposal group, Gross carrying amount | Stage 1 12MECL | Stage 2 LECL | Stage 3 LECL | POCI     | Portfolio book value related to the disposal group, POCI | Loss Allowance, continuing operations      |
| <b>Opening balance 1 Jan 2022</b>                             | 21,111                | –4,587  |                |              |              | –470     | 423  | –46  |
| Acquisitions  | 6,928                 |   |                |              |              |          |  |  |
| Interest income   | 3,028                 | –413  |                |              |              |          |  |  |
| Gross collections   | –7,520                | 945   |                |              |              |          |  |  |
| Impairment gains and losses                                   |                       |   |                |              |              | 37       | 16   | 53   |
| <i>of which, realised collections against active forecast</i> |                       |   |                |              |              | 524      | 19   | 543  |
| <i>of which, portfolio revaluations</i>                       |                       |   |                |              |              | –487     | –3   | –490                                       |
| Disposals <sup>1)</sup>                                       | –4,163                | 4,163   |                |              |              | 447      | –447   | 0  |
| Translation differences                                       | 1,605                 | –108  |                |              |              | –13      | 8  | –5   |
| <b>Closing balance 31 Dec 2022</b>                            | <b>20,989</b>         | <b>0</b>  |                |              |              | <b>1</b> | <b>0</b>   | <b>1</b>                                   |

**Acquired performing loan portfolios**

|  |               |          |           |           |           |          |          |           |
|--|---------------|----------|-----------|-----------|-----------|----------|----------|-----------|
| <b>Opening balance 1 Jan 2022</b>        | 702           |          | –1        | –1        | –4        |          |          | –6        |
| Interest income                          | 63            |          |           |           |           |          |          |           |
| Amortisations and interest payments      | –159          |          |           |           |           |          |          |           |
| Changes in loss allowance                | –             |          | 0         | 0         | 0         |          |          | 0         |
| Derecognitions                           | –1            |          | –         | –         | –         |          |          | –         |
| Translation differences                  | 35            |          | 0         | 0         | 0         |          |          | 0         |
| <b>Closing balance 31 Dec 2022</b>       | <b>640</b>    |          | <b>–1</b> | <b>–1</b> | <b>–4</b> |          |          | <b>–6</b> |
| <b>Total closing balance 31 Dec 2022</b> | <b>21,629</b> | <b>0</b> | <b>–1</b> | <b>–1</b> | <b>–4</b> | <b>1</b> | <b>0</b> | <b>–5</b> |

1) Disposal of Acquired credit-impaired loan portfolios refers to sold disposal group of operations in the UK.

## Note 5 Financial instruments

### Carrying amount and fair value of financial instruments, 30 Sep 2023<sup>1)</sup>

| SEK m                             | Assets/liabilities recognised at fair value through profit or loss | Hedging instruments | Amortised cost | Total carrying amount | Fair value    |
|-----------------------------------|--|---------------------|----------------|-----------------------|---------------|
| Cash                              | –  | –                   | 0              | 0                     | 0             |
| Treasury bills and treasury bonds | 2,690  | –                   | –              | 2,690                 | 2,690         |
| Lending to credit institutions    | –  | –                   | 2,899          | 2,899                 | 2,899         |
| Lending to the public             | –  | –                   | 1              | 1                     | 1             |
| Portfolio book value              | –  | –                   | 23,834         | 23,834                | 23,884        |
| Bonds and other securities        | 1,752  | –                   | –              | 1,752                 | 1,752         |
| Derivatives                       | 36   | 249                 | –              | –                     | 285           |
| Other financial assets            | –  | –                   | 1,341          | 1,341                 | 1,341         |
| <b>Total</b>                      | <b>4,478</b>   | <b>249</b>          | <b>28,075</b>  | <b>32,802</b>         | <b>32,852</b> |
| Deposits from the public          | –  | –                   | 19,835         | 19,835                | 19,560        |
| Derivatives                       | 8  | 84                  | –              | 92                    | 92            |
| Debt securities issued            | –  | –                   | 4,468          | 4,468                 | 4,465         |
| Subordinated debt                 | –  | –                   | 917            | 917                   | 855           |
| Other financial debts             | –  | –                   | 2,290          | 2,290                 | 2,290         |
| <b>Total</b>                      | <b>8</b>   | <b>84</b>           | <b>27,510</b>  | <b>27,602</b>         | <b>27,262</b> |

1) Derivatives recognised as hedging instruments is valued at fair value through income statement and other comprehensive income to the extent that the hedge is effective.

### Carrying amount and fair value of financial instruments, 30 Sep 2022<sup>1)</sup>

| SEK m                             | Assets/liabilities recognised at fair value through profit or loss | Hedging instruments | Amortised cost | Total carrying amount | Fair value    |
|-----------------------------------|--|---------------------|----------------|-----------------------|---------------|
| Cash                              | –  | –                   | 0              | 0                     | 0             |
| Treasury bills and treasury bonds | 1,652  | –                   | –              | 1,652                 | 1,652         |
| Lending to credit institutions    | –  | –                   | 2,013          | 2,013                 | 2,013         |
| Lending to the public             | –  | –                   | 2              | 2                     | 2             |
| Portfolio book value              | –  | –                   | 19,370         | 19,370                | 20,144        |
| Bonds and other securities        | 3,327  | –                   | –              | 3,327                 | 3,327         |
| Derivatives                       | 304  | 34                  | –              | 338                   | 338           |
| Other financial assets            | –  | –                   | 174            | 174                   | 174           |
| <b>Total</b>                      | <b>5,283</b>   | <b>34</b>           | <b>21,559</b>  | <b>26,876</b>         | <b>27,650</b> |
| Deposits from the public          | –  | –                   | 18,198         | 18,198                | 18,223        |
| Derivatives                       | 19   | 134                 | –              | 153                   | 153           |
| Debt securities issued            | –  | –                   | 5,476          | 5,476                 | 5,419         |
| Subordinated debt                 | –  | –                   | 871            | 871                   | 781           |
| Other financial debts             | –  | –                   | 1,227          | 1,227                 | 1,227         |
| <b>Total</b>                      | <b>19</b>  | <b>134</b>          | <b>25,772</b>  | <b>25,925</b>         | <b>25,803</b> |

1) Derivatives recognised as hedging instruments is valued at fair value through other comprehensive income to the extent that the hedge is effective.

## Note 5 Financial instruments, cont.

### Carrying amount and fair value of financial instruments, 31 Dec 2022<sup>1)</sup>

| SEK m                             | Assets/liabilities recognised at fair value through profit or loss | Hedging instruments | Amortised cost | Total carrying amount | Fair value    |
|-----------------------------------|--|---------------------|----------------|-----------------------|---------------|
| Cash                              | –  | –                   | 0              | 0                     | 0             |
| Treasury bills and treasury bonds | 2,789  | –                   | –              | 2,789                 | 2,789         |
| Lending to credit institutions    | –  | –                   | 2,358          | 2,358                 | 2,358         |
| Lending to the public             | –  | –                   | 1              | 1                     | 1             |
| Portfolio book value              | –  | –                   | 21,624         | 21,624                | 24,261        |
| Bonds and other securities        | 4,094  | –                   | –              | 4,094                 | 4,094         |
| Derivatives                       | 32   | 134                 | –              | 166                   | 166           |
| Other financial assets            | –  | –                   | 504            | 504                   | 504           |
| <b>Total</b>                      | <b>6,915</b>   | <b>134</b>          | <b>24,487</b>  | <b>31,536</b>         | <b>34,173</b> |
| Deposits from the public          | –  | –                   | 18,581         | 18,581                | 18,332        |
| Derivatives                       | 23   | 151                 | –              | 174                   | 174           |
| Debt securities issued            | –  | –                   | 5,545          | 5,545                 | 5,372         |
| Subordinated debt                 | –  | –                   | 903            | 903                   | 845           |
| Other financial debts             | –  | –                   | 1,253          | 1,253                 | 1,253         |
| <b>Total</b>                      | <b>23</b>  | <b>151</b>          | <b>26,282</b>  | <b>26,456</b>         | <b>25,976</b> |

1) Derivatives recognised as hedging instruments is valued at fair value through other comprehensive income to the extent that the hedge is effective.

### 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.

### Fair value measurements, 30 Sep 2023

| SEK m                             | Level 1      | Level 2    | Level 3  | Total        |
|-----------------------------------|--------------|------------|----------|--------------|
| Treasury bills and Treasury bonds | 2,690        | –          | –        | 2,690        |
| Bonds and other securities        | 1,752        | –          | –        | 1,752        |
| Derivatives                       | –            | 285        | –        | 285          |
| <b>Total assets</b>               | <b>4,442</b> | <b>285</b> | <b>–</b> | <b>4,727</b> |
| Derivatives                       | –            | 92         | –        | 92           |
| <b>Total liabilities</b>          | <b>–</b>     | <b>92</b>  | <b>–</b> | <b>92</b>    |

### Fair value measurements, 30 Sep 2022

| SEK m                             | Level 1      | Level 2    | Level 3  | Total        |
|-----------------------------------|--------------|------------|----------|--------------|
| Treasury bills and Treasury bonds | 1,652        | –          | –        | 1,652        |
| Bonds and other securities        | 3,327        | –          | –        | 3,327        |
| Derivatives                       | –            | 338        | –        | 338          |
| <b>Total assets</b>               | <b>4,979</b> | <b>–</b>   | <b>–</b> | <b>5,317</b> |
| Derivatives                       | –            | 153        | –        | 153          |
| <b>Total liabilities</b>          | <b>–</b>     | <b>153</b> | <b>–</b> | <b>153</b>   |

### Fair value measurements, 31 Dec 2022

| SEK m                             | Level 1      | Level 2    | Level 3  | Total        |
|-----------------------------------|--------------|------------|----------|--------------|
| Treasury bills and Treasury bonds | 2,789        | –          | –        | 2,789        |
| Bonds and other securities        | 4,094        | –          | –        | 4,094        |
| Derivatives                       | –            | 166        | –        | 166          |
| <b>Total assets</b>               | <b>6,883</b> | <b>165</b> | <b>–</b> | <b>7,049</b> |
| Derivatives                       | –            | 174        | –        | 174          |
| <b>Total liabilities</b>          | <b>–</b>     | <b>174</b> | <b>–</b> | <b>174</b>   |



## Note 6 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.

The Company's statutory capital requirements are determined primarily by Regulation (EU) No 575/2013 of the European Parliament and of the Council and the Capital Buffers Act (SFS 2014:966).

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.

### Internally assessed capital requirement

As per 30 September 2023 the internally assessed capital requirement was SEK 2,770m (SEK 2,569m per 31 December 2022), of which SEK 344m (464) was attributable to Pillar 2. For more information regarding Pillar 2 risks, see Hoist Finance's Pillar 3 report.

| SEK m  | Quarter 3<br>2023 | Quarter 2<br>2023 | Quarter 1<br>2023 | Quarter 4<br>2022 | Quarter 3<br>2022 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Available own funds (amounts)</b>   |                   |                   |                   |                   |                   |
| 1 Common Equity Tier 1 (CET1) capital  | 4,202             | 4,157             | 4,156             | 4,172             | 3,471             |
| 2 Tier 1 capital   | 5,311             | 5,267             | 5,263             | 5,278             | 4,578             |
| 3 Total capital  | 6,228             | 6,255             | 6,193             | 6,181             | 5,449             |
| <b>Risk-weighted exposure amounts</b>  |                   |                   |                   |                   |                   |
| 4 Total risk exposure amount   | 30,326            | 28,178            | 27,686            | 26,313            | 28,376            |
| <b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>   |                   |                   |                   |                   |                   |
| 5 Common Equity Tier 1 ratio (%)   | 13.86             | 14.75             | 15.01             | 15.85             | 12.23             |
| 6 Tier 1 ratio (%)   | 17.51             | 18.69             | 19.01             | 20.06             | 16.13             |
| 7 Total capital ratio (%)  | 20.54             | 22.20             | 22.37             | 23.49             | 19.20             |
| <b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b> |                   |                   |                   |                   |                   |
| EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage (%)   | –                 | –                 | –                 | –                 | –                 |
| EU 7b of which: to be made up of CET1 capital (percentage points)  | –                 | –                 | –                 | –                 | –                 |
| EU 7c of which: to be made up of Tier 1 capital (percentage points)  | –                 | –                 | –                 | –                 | –                 |
| EU 7d Total SREP own funds requirements (%)  | 8                 | 8                 | 8                 | 8                 | 8                 |
| <b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>  |                   |                   |                   |                   |                   |
| 8 Capital conservation buffer (%)  | 2.5               | 2.5               | 2.5               | 2.5               | 2.5               |
| EU 8a Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)                                       | 0                 | 0                 | 0                 | 0                 | 0                 |
| 9 Institution specific countercyclical capital buffer (%)  | 0.46              | 0.38              | 0.23              | 0.10              | 0.03              |
| EU 9a Systemic risk buffer (%)   | 0                 | 0                 | 0                 | 0                 | 0                 |
| 10 Global Systemically Important Institution buffer (%)  | 0                 | 0                 | 0                 | 0                 | 0                 |
| EU 10a Other Systemically Important Institution buffer (%)   | 0                 | 0                 | 0                 | 0                 | 0                 |
| 11 Combined buffer requirement (%)   | 2.96              | 2.88              | 2.73              | 2.60              | 2.53              |
| EU 11a Overall capital requirements (%)  | 10.96             | 10.88             | 10.73             | 10.60             | 10.53             |
| 12 CET1 available after meeting the total SREP own funds requirements (%)  | 5.86              | 6.75              | 7.01              | 7.85              | 4.23              |

## Note 6 Capital adequacy, cont

| SEK m  | Quarter 3<br>2023 | Quarter 2<br>2023 | Quarter 1<br>2023 | Quarter 4<br>2022 | Quarter 3<br>2022 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Leverage ratio</b>  |                   |                   |                   |                   |                   |
| 13 Total exposure measure  | 33,259            | 31,176            | 31,277            | 31,433            | 31,671            |
| 14 Leverage ratio (%)  | 15.97             | 16.90             | 16.83             | 16.79             | 14.45             |
| <b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b> |                   |                   |                   |                   |                   |
| EU 14a Additional own funds requirements to address the risk of excessive leverage (%)   | 0                 | 0                 | 0                 | 0                 | 0                 |
| EU 14b of which: to be made up of CET1 capital (percentage points)   | 0.00 pp           | 0.00 pp           | 0.00 pp           | 0.00 pp           | 0.00 pp           |
| EU 14c Total SREP leverage ratio requirements (%)  | 3                 | 3                 | 3                 | 3                 | 3                 |
| <b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>                |                   |                   |                   |                   |                   |
| EU 14d Leverage ratio buffer requirement (%)   | 0                 | 0                 | 0                 | 0                 | 0                 |
| EU 14e Overall leverage ratio requirement (%)  | 3                 | 3                 | 3                 | 3                 | 3                 |
| <b>Liquidity Coverage Ratio</b>  |                   |                   |                   |                   |                   |
| 15 Total high-quality liquid assets (HQLA) (Weighted value -average)   | 4,400             | 4,586             | 4,760             | 4,963             | 4,314             |
| EU 16a Cash outflows – Total weighted value  | 2,355             | 2,210             | 2,241             | 2,252             | 2,216             |
| EU 16b Cash inflows – Total weighted value   | 3,708             | 2,907             | 2,759             | 2,526             | 2,221             |
| 16 Total net cash outflows (adjusted value)  | 589               | 553               | 601               | 604               | 595               |
| 17 Liquidity coverage ratio (%)  | 772               | 844               | 844               | 879               | 767               |
| <b>Net Stable Funding Ratio</b>  |                   |                   |                   |                   |                   |
| 18 Total available stable funding  | 30,352            | 29,607            | 27,585            | 27,094            | 27,588            |
| 19 Total required stable funding   | 26,929            | 26,161            | 25,046            | 23,356            | 24,770            |
| 20 NSFR ratio (%)  | 113               | 113               | 110               | 116               | 111               |

## Note 7 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. 40% (42) of deposits from

the public are payable on demand (current account – "flex"), while 60% (58) of the Group's deposits from the public are locked into longer maturities (fixed-term deposits) ranging from one to five years. About 99% of deposits are fully covered by the Swedish state deposit guarantee.

### Funding

| SEK m                        | Hoist Finance consolidated situation |               | Hoist Finance AB (publ) |               |
|------------------------------|--------------------------------------|---------------|-------------------------|---------------|
|                              | 30 Sep 2023                          | 31 Dec 2022   | 30 Sep 2023             | 31 Dec 2022   |
| Current account deposits     | 7,971                                | 7,810         | 7,971                   | 7,810         |
| Fixed-term deposits          | 11,864                               | 10,772        | 11,864                  | 10,772        |
| Debt securities issued       | 4,468                                | 5,545         | 3,964                   | 5,053         |
| Convertible debt instruments | 1,109                                | 1,106         | 1,109                   | 1,106         |
| Subordinated debts           | 917                                  | 903           | 917                     | 903           |
| Equity                       | 4,824                                | 4,639         | 3,680                   | 3,637         |
| Other                        | 2,639                                | 1,724         | 1,971                   | 1,289         |
| <b>Balance sheet total</b>   | <b>33,792</b>                        | <b>32,499</b> | <b>31,476</b>           | <b>30,570</b> |

## Note 7 Liquidity risk, cont.

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 7,064m (8,897) as per 30 September 2023, 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, Hoist Finance consolidated situation

| SEK m  | 30 Sep 2023  | 31 Dec 2022  |
|--|--------------|--------------|
| Cash and holdings in central banks   | 0            | 0            |
| Deposits in other banks available overnight  | 2,623        | 2,014        |
| Securities issued or guaranteed by sovereigns, central banks or multilateral development banks | 2,073        | 1,644        |
| Securities issued or guaranteed by municipalities or other public sector entities              | 616          | 1,145        |
| Covered bonds  | 1,752        | 4,094        |
| Securities issued by non-financial corporates  | –            | –            |
| Securities issued by financial corporates  | –            | –            |
| Other  | –            | –            |
| <b>Total</b>   | <b>7,064</b> | <b>8,897</b> |

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 8 Pledges, contingent liabilities and commitments

| SEK m  | Group        |             | Parent Company |             |
|--|--------------|-------------|----------------|-------------|
|  | 30 Sep 2023  | 31 Dec 2022 | 30 Sep 2023    | 31 Dec 2022 |
| Restricted bank balances                             | 2            | 2           | –              | –           |
| Acquired portfolios in the securitisation structures | 2,940        | 949         | –              | –           |
| <b>Pledged assets</b>                                | <b>2,942</b> | <b>952</b>  | <b>–</b>       | <b>–</b>    |
| <b>Contingent liabilities</b>                        | <b>105</b>   | <b>105</b>  | <b>105</b>     | <b>105</b>  |
| Forward flow contracts                               | 510          | 79          | 510            | 79          |
| Signed but not settled acquisitions                  | 437          | –           | 437            | –           |
| <b>Commitments</b>                                   | <b>947</b>   | <b>79</b>   | <b>947</b>     | <b>79</b>   |

Pledged assets in the Group pertain to restricted bank balances and the value of portfolios pledged as collateral for issued bonds in securitisation structures Marathon SPV S.r.l. and Giove SPV S.r.l. As from third quarter 2023, the entire portfolio value is recognised as a pledged asset.

The Group's commitments consist of forward flow contracts and portfolio acquisitions that are signed but not yet settled. In forward flow contracts, a pre-determined volume (fixed or range) of NPLs is acquired at a pre-defined price during a certain time period.

The Group's contingent liability originates from two separate VAT cases. The Swedish Tax Agency has issued its decision in one case, and Hoist Finance expects it may take up to 2–3 years before the issue is finally settled in court. We have received a first instance judgment in the other case, and Hoist Finance expects it may take approximately 2–3 years before the issue is finally resolved. For both cases, Hoist Finance considers it more likely that Hoist Finance will prevail in court and, accordingly, no provision has been made.

# Assurance

The Board of Directors and the CEO hereby give their assurance that the interim report 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 October 26 2023

Lars Wollung  
*Chairman of the Board*

Bengt Edholm  
*Board member*

Camilla Philipson Watz  
*Board member*

Christopher Rees  
*Board member*

Rickard Westlund  
*Board member*

Peter Zonabend  
*Board member*

Harry Vranjes  
*Chief Executive Officer*

# Definitions – including Alternative Performance Measures

## 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, and Cash 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 portfolio book value. Definitions of alternative performance measures and other key figures are presented below. The financial fact book, available on [hoistfinance.com/Investors/reports-and-presentations2/](https://hoistfinance.com/Investors/reports-and-presentations2/), provides details on the calculation of key figures.

## Performance measures according to IFRS and other legislation

### Average number of employees

Average number of employees during the year converted to full-time posts (FTEs). The calculation is based on the total average number of FTEs per month divided by the year's twelve months.

### Basic earnings per share

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

### Diluted earnings per share

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

### Return on assets (only presented yearly in accordance with FFFS 2008:25)

Net result for the year as a percentage of total assets at the end of the year.

### Weighted average number of shares outstanding

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

## Alternative Performance Measures

### Adjusted profit before tax

Profit before tax adjusted for rejuvenation costs / IACs and normalised capitalisation levels.

### Cash EBITDA

EBIT (operating earnings), less depreciation and amortisation ("EBITDA") adjusted for net of collections and interest income from acquired loan portfolios.

### C/I ratio

Total operating expenses in relation to Total operating income and Share of profit from joint ventures.

### Direct contribution

Direct contribution is the sum of total operating income minus direct costs directly attributable to each business line.

### Fee and commission income

Fees for providing debt management services to third parties.

### Gross 180-months ERC

"Estimated Remaining Collections" – the company's estimate of the gross amount that can be collected on the 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

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 the cash received following the initiation of Hoist Finance's litigation process. This process assesses customers' solvency and follows regulatory and legal requirements.

### Normalised return on equity

Return on equity adjusted for rejuvenation costs / IACs and normalised capitalisation levels.

### Portfolio acquisitions

Portfolio book value during the period that consists of defaulted and non-defaulted consumer loans and SME loans.

### Portfolio book value

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

**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 year based on a quarterly basis.

**Definitions – According to the EU Capital Requirements Regulation no 575/2013 (CRR)**
**Additional Tier 1 capital**

Capital instruments and associated share premium reserves 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.

**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.

**Common Equity Tier 1**

Capital instruments and associated share premium reserves 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.

**Common Equity Tier 1 ratio**

Common Equity Tier 1 in relation to total risk exposure amount.

**Leverage ratio**

An institution's total exposure measure in relation to Tier 1 capital.

**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 stable funding ratio (NSFR)**

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

**Own funds**

Sum of Tier 1 capital and Tier 2 capital.

**Risk-weighted exposure amount**

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

**Tier 1 capital**

The sum of CET1 capital and AT1 capital.

**Tier 1 capital ratio**

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

**Tier 2 capital**

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

**Total capital ratio**

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

**Non-Financial Definitions**
**Non-performing loans (NPLs)**

A loan that is deemed to cause probable credit losses including individually assessed impaired loans, portfolio assessed loans past due more than 60 days and restructured portfolio assessed loans. Hoist Finance primarily purchases loans that are credit-impaired on initial recognition.

**Number of employees (FTEs)**

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

**SME**

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

**Timing effect**

A revaluation driven by changing the cash forecast to reflect cash already received and/or changes to when assets still expected to be collected are amortised.

## About Hoist Finance

Hoist Finance is an asset manager specialised in non-performing loans. For more than 25 years, we have focused on investing in and managing debt portfolios. We are a partner to international banks and financial institutions across Europe, acquiring non-performing loan portfolios. We are also a partner to consumers and SMEs in a debt situation, creating long-term sustainable repayment plans enabling them to convert non-performing debt to performing debt. We are present in 13 markets across Europe and our shares are listed on Nasdaq Stockholm. For more information, please visit [hoistfinance.com](https://hoistfinance.com).

## Presentation

A combined presentation and teleconference will be held on 27 October at 09:30 AM (CEST). If you wish to participate via webcast please use the link below.  
<https://ir.financialhearings.com/hoist-finance-q3-2023>

If you wish to participate via teleconference, please register on the link below. After registration you will be provided a phone number and a conference ID to access the conference. You can ask questions verbally via the teleconference.  
<https://conference.financialhearings.com/teleconference/?id=5005817>

Additional financial information and pillar 3 disclosures are available in Hoist Finance Fact Book which is published quarterly on  
<https://www.hoistfinance.com/investors/>

## Financial calendar

|                             |                  |
|-----------------------------|------------------|
| Year-end report 2023        | February 7, 2024 |
| Annual Report 2023          | March 22, 2024   |
| Interim report Q1 2024      | May 3, 2024      |
| Annual General Meeting 2024 | May 7, 2024      |
| Interim report Q2 2024      | July 26, 2024    |
| Interim report Q3 2024      | October 25, 2024 |
| Year-end report 2024        | February 7, 2025 |

## Contact

Christian Wallentin, CFO & deputy CEO  
 Email: [ir@hoistfinance.com](mailto:ir@hoistfinance.com)  
 Ph: +46 8 55 51 77 90

The interim report and investor presentation are available at  
[www.hoistfinance.com](https://www.hoistfinance.com)



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 and the Securities Market Act. This information was submitted for publication through the agency of the contact person set out above, on 27 October 2023, 07.30 AM (CEST).

*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.*