PRESS RELEASE
Stockholm, Sweden
25 July 2024

Hoist Finance aims to become a Specialised Debt Restructurer

Hoist Finance's Board of Directors has today resolved that the Company intends to meet all requirements to qualify as a Specialised Debt Restructurer (SDR) by 1 January 2025. Obtaining SDR status will exempt Hoist Finance from the backstop regulations, which will simplify the Company's business model, lead to enhanced cost efficiency and create greater flexibility in portfolio acquisitions.

Harry Vranjes, CEO of Hoist Finance, comments: “The SDR status is designed to stimulate the secondary NPL markets by adding a stable market participant to the buy-side. We see it is a recognition of the value a company such as Hoist Finance brings to society. Hoist Finance aims to become the leading asset manager of non-performing loans to individuals and small and medium-sized enterprises in Europe. Becoming an SDR allows us to focus on our core mission and business, where being exempt from the backstop regulation gives us full independence and a simpler and more cost-efficient business model."

One of the requirements for obtaining SDR status is that the Company maintains a Net Stable Funding Ratio (NSFR) of at least 130 percent. Hoist Finance has had an average NSFR of approximately 115 percent over the past twelve months and thus needs to build on the existing liquidity buffer. The company's liquidity buffer will continue to consist mainly of liquid government and municipal bonds and covered mortgage bonds with low expected risk.

To fund the increased liquidity buffer, Hoist Finance intends to expand its customer base of savings account holders in Europe and issue bonds in SEK and EUR during the second half of 2024.

Hoist Finance will shortly invite to a Capital Markets Day on 12 September this year, where the decision to go SDR and the implications of this will be presented in more detail.

Background to the SDR
In 2019, changes to the European Banking Authority’s (EBA) rules on the minimum loss coverage for Non-Performing Loans (NPLs), known as the prudential backstop, were introduced. The backstop rules imply a CET1 capital deduction for the NPLs held on a balance sheet according to a predefined calendar.

The main purpose of the backstop regulations is to:

1. prevent the build-up of ageing NPLs on banks' balance sheets by requiring banks to make adequate provisions for these exposures.

2. promote prudent and proactive NPL provisioning and write-off practices, helping banks to focus on their core business areas, such as lending to the economy.

3. strengthen banks' resilience to future economic shocks by ensuring that they have sufficient reserves to cover potential losses.

The backstop regulations complement existing regulatory or accounting requirements.

In January 2025, a new banking package will enter into force to implement the final elements of the Basel III framework in the EU. The banking package includes a section on regulated specialised banks that are exempt from the backstop regulation. Banks and credit market companies that meet the full criteria can thus qualify as Specialised Debt Restructurers (SDRs).

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This information is information that Hoist Finance AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 21.05 CEST on 25 July 2024.

About Hoist Finance
Hoist Finance is an asset manager specialising in distressed debt. For over 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 portfolios of non-performing loans. We are also a partner to individuals and SMEs in debt situations, creating long-term sustainable repayment plans that enable them to turn overdue debt into debt that is paid off. We are present in 13 markets across Europe and our shares are listed on Nasdaq Stockholm. For more information, visit hoistfinance.com.