CREDIT OPINION
9 July 2025

Update

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RATINGS

Hoist Finance AB (publ)

Domicile	Sweden
Long Term CRR	Baa2
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Baa2
Type	Senior Unsecured - Dom Curr
Outlook	Positive
Long Term Deposit	Not Assigned

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Hoist Finance AB (publ)

Update following outlook change to positive

Summary

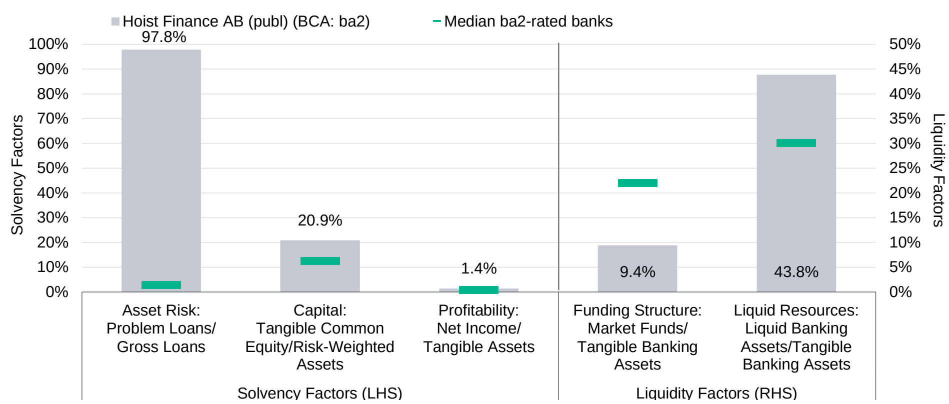
Hoist Finance AB (publ)'s (Hoist) Baa2 senior unsecured and Ba1 junior senior unsecured debt ratings reflect the bank's standalone creditworthiness, as expressed by a ba2 BCA, and a three-notch and one-notch uplift, respectively, to reflect extremely low and low loss given failure deriving from Hoist's large stock of subordinated liabilities. Hoist's ratings do not benefit from any government support.

Hoist's ba2 BCA reflects the bank's focus on the niche European debt purchasing market, high cyclicality of collections and its ambitious growth objective, with the bank aiming to increase the investment portfolio to SEK36 billion in 2026 from SEK29 billion in March 2025. The BCA also considers our expectation that Hoist will continue on its trajectory of improving profitability driven by efficiency gains and scale advantages, while maintaining high collection performance on its non-performing loan (NPL) portfolio, sound capitalisation levels, comfortably above regulatory requirements, and competitive funding costs as a regulated credit market company with access to insured retail deposits.

Exhibit 1

Rating Scorecard — Key financial ratios

Elevated problem loan ratio reflects Hoist's business model



These are our Banks Methodology scorecard ratios. The bank's problem loan ratio and profitability ratios are the weaker of the average of the latest three year-end ratios and the latest reported ratio. The bank's capital ratio is the latest reported figure. The bank's funding structure and liquid resources ratios are the latest year-end figures. The bank's problem loan ratio is high due to the nature of Hoist's business model of managing NPL portfolios.
Source: Moody's Ratings

Credit strengths

- Status as a regulated credit institution supports credit profile
- Solid and diversified market position in the European debt-purchaser niche with a granular portfolio
- Sound capitalisation underpinned by regulatory capital requirements, which strengthen its risk profile versus industry peers
- Strong funding profile, driven by a large and low cost deposit base
- Large liquidity portfolio, which provides enhanced financial flexibility

Credit challenges

- Limited product offering
- High cyclicality of collections poses an elevated risk despite Hoist's strong track record as a debt purchaser
- Model risk associated with the valuation and pricing of the purchased portfolios, that may lead to impairment losses, mitigated by access to robust data driven assumptions and models
- Event risk arising from potential litigation or legislative actions, and complexity of operations
- Ambitious growth objectives that may result in increased credit risk, mitigated by strong risk management processes

Outlook

The positive outlook on Hoist’s long-term senior unsecured debt and issuer ratings reflects the bank’s significant improvement in recurring profitability, which could drive an upgrade if sustained over the coming 12 to 18 months while capitalisation remains sound, and provided that there is an ongoing stability in management and board composition.

Factors that could lead to an upgrade

An upgrade of the ratings could be triggered by Hoist maintaining the recent stronger recurring profitability while capital remains comfortably above regulatory requirements and management and board composition remains stable.

Factors that could lead to a downgrade

Hoist’s ratings could be downgraded if the BCA is downgraded, or in case of a lower buffer of loss-absorbing liabilities.

Hoist's BCA could be downgraded if (1) the bank demonstrates a higher risk appetite such as expansion into more chunkier problem loans, (2) its recurring profitability falls, (3) its capital decreases below the regulatory requirement due for example to larger than expected impairment losses, or (4) its reliance on market funding materially increases.

Key indicators

Exhibit 2

Hoist Finance AB (publ) (Consolidated Financials) [1]

	03-25[2]	12-24[2]	12-23[2]	12-22[2]	12-21[2]	CAGR/Avg.[3]
Total Assets (SEK Million)	57,748.0	56,934.0	34,023.0	32,499.0	30,372.0	21.9[4]
Total Assets (USD Million)	5,748.9	5,152.7	3,376.0	3,119.1	3,357.2	18.0[4]
Tangible Common Equity (SEK Million)	6,585.0	6,776.0	5,646.0	5,028.0	3,948.0	17.0[4]
Tangible Common Equity (USD Million)	655.5	613.3	560.2	482.6	436.4	13.3[4]
Problem Loans / Gross Loans (%)	97.8	97.9	97.2	97.3	97.0	97.4[5]
Tangible Common Equity / Risk Weighted Assets (%)	20.9	18.0	19.0	19.1	11.4	17.7[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	416.8	479.1	441.6	418.0	478.2	446.8[5]
Net Interest Margin (%)	6.3	8.3	8.5	7.5	5.8	7.3[5]
PPI / Average RWA (%)	2.1	2.2	1.1	0.8	-0.3	1.2[6]
Net Income / Tangible Assets (%)	1.4	1.7	1.7	1.0	-0.8	1.0[5]
Cost / Income Ratio (%)	79.5	80.6	89.9	89.8	105.8	89.1[5]
Market Funds / Tangible Banking Assets (%)	9.7	9.4	14.4	17.8	17.3	13.7[5]
Liquid Banking Assets / Tangible Banking Assets (%)	48.2	43.8	23.9	28.7	25.2	33.9[5]
Gross Loans / Due to Customers (%)	70.5	72.4	118.1	116.4	120.1	99.5[5]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Ratings and company filings

Profile

Hoist Finance AB (publ) (Hoist) is one of the largest debt purchasers in Europe, with SEK49.4 billion (€4.6 billion) in estimated remaining collections (ERC) over the next 180 months as of March 2025. Hoist is a credit market company regulated by the Swedish Financial Supervisory Authority (SFSA). The company is present in 13 countries across Europe.

Hoist primarily funds itself by accepting retail internet deposits in Sweden (Aaa stable), Germany (Aaa stable), Poland (A2 stable), Netherlands (Aaa stable), Ireland (Aa3 positive) and Austria (Aa1 stable).

Recent developments

In March 2025, Hoist announced the departure of the CFO Christian Wallentin. Following multiple changes to the board of directors and executive management in 2021 and 2022, the leadership team has been broadly stable since the appointment of a permanent CEO, Harry Vranjes, in January 2023. Magnus Söderlund, previously Finance Director at Hoist, is Acting CFO since March 2025. We incorporate the limited track record of stability in management and board structure combined with a high growth strategy in a one-notch negative qualitative adjustment for Corporate Behaviour.

Detailed credit considerations

Status as a regulated credit institution supports credit profile

The Asset Risk score of ba2 reflects a largely derisked portfolio as the NPLs are purchased at a significant discount, the solid track record of collections at or above expectations and long term loss performance. The supervision by the SFSA and unique funding model make Hoist less susceptible to some of the risks in the sector, although the Asset Risk score still considers the high cyclicality of collections, giving rise to impairments during severe downturns, and diverse track record across jurisdictions.

We consider the supervision by the SFSA a credit strength. The regulatory scrutiny imposed by the SFSA is similar to that of other Swedish banks, and Hoist is required to report its capital adequacy and liquidity performance on a regular basis.

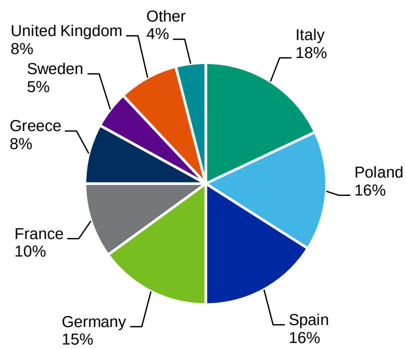
The regulatory status has historically created challenges for Hoist when compared to other debt purchasers, such as the European Union's (EU) non-performing loans (NPL) prudential backstop legislation, introduced in April 2019. The legislation requires unsecured NPLs originated after 26 April 2019 to be written down in full after three years from when the loan became non-performing (NPLs secured on movable collateral need to be written down in full after seven years and NPLs secured on immovable collateral to be written down in full after nine years). Hoist is on track to qualify for a Specialised Debt Restructurer (SDR) status from 2026. The SDR status will exempt Hoist from the backstop legislation and result in a simplified business model less reliant on complex securitisation structures. It also results in a strengthened liquidity position because of the bank's need to meet higher regulatory requirements in accordance with an SDR status.

Solid and diversified market position in the European debt-purchasing business, but limited product offering constrains the rating

Hoist is well diversified geographically, with a presence across 13 European countries. Hoist's operating environment is primarily influenced by developments in the markets in which it acquires debt portfolios, with the overall Macro Profile for Hoist being Strong, as it balances countries with Strong+ Macro Profiles such as France, Germany, Sweden, Netherlands, and the United Kingdom with exposures in several countries with weaker Macro Profiles, such as Spain (Strong), Italy (Strong), Poland (Moderate+), and Greece (Moderate+).

Its main markets of Italy, Poland, Spain, Germany, and France, collectively accounted for 75% of its acquired loan portfolios as of end of first quarter 2025 (see Exhibit 3). This results in a weighted macro profile of Strong.

Exhibit 3
Breakdown of Hoist's acquired loan portfolios, end of March 2025
Carrying amount, share of total in %



Source: Company reports, Moody's Ratings

Hoist's debt-purchasing business primarily focuses on the acquisition and collection of nonperforming unsecured consumer receivables originated through financial services institutions. Since 2018 however, and partly as a response to the higher risk weights for unsecured NPLs, Hoist has developed its capacity in other asset classes also, mainly secured NPLs, which as of March 2025 represented 35% of book value. Hoist purchases the NPLs at a significant discount, typically in the range of 10% to 30% of the original book value depending on type of asset; for example location, age, size and existence of collateral.

Despite its strong market position in various geographies and higher flexibility accorded by its evolving business model, Hoist's ratings are constrained by the company's monoline business activities. Most of the company's revenue is generated by its debt-purchasing businesses, driving us to apply a negative notch for business diversification. Furthermore, new acquisitions are to a large extent dependent on external factors, such as banks willingness to offload non-performing credits, affecting Hoist's ability to grow and replenish amortising loans, although the secondary market also provides investment opportunities for more seasoned portfolios.

High cyclicality of collections poses an elevated risk despite Hoist's strong track record as a debt purchaser

Hoist has developed a robust database over the past two decades, which has historically contributed to it achieving a high degree of pricing accuracy, but the company took large provisions during the pandemic, showing the inherent riskiness of the business. The pricing of receivables is based on a comprehensive modelling and analytical approach. The successful operating performance of the business is dependent upon this accuracy, and a material mispricing of purchased portfolios could lead to impairment losses.

Collections are handled through a mix of internal and third-party arrangements depending on conditions in the local markets. Collection rates, defined as performance against forecasted cash flow projections, are solid at 103% as of March 2025, slightly below the 105% reported for the full year 2024.

The receivables that Hoist acquires are, or have been, in arrears and are therefore speculative in nature. In addition to this, we note three key risks inherent in the business model: (1) model risk in relation to the valuation and pricing of its purchased receivables; (2) concentration risk related to suppliers (that is, debt originators or vendors); and (3) event risk arising from potential litigation or legislative actions.

Sound capitalisation underpinned by regulatory capital requirements, which strengthen its risk profile versus industry peers

Our assigned a3 Capital score reflects our view that Hoist's capitalization, with tangible common equity (TCE) to risk-weighted assets (RWA) of 20.9% as of March 2025, is a strength. The score is positioned four notches below the initial score, to reflect our expectations of reduced capital levels over the coming 12 to 18 months, and historical volatility in share price indicating limited access to additional capital in periods of financial stress.

Hoist's nominal leverage ratio, calculated as TCE to total assets, was 11.4% as of March 2025. Although Hoist's leverage ratio is significantly higher than that of most other banks we rate in Sweden (because Hoist is subject to similar capital requirements as commercial banks), we believe that it is a reflection of the risks inherent to the debt-purchasing business.

Hoist reported a Common Equity Tier 1 (CET1) capital ratio of 13.08% as of March 2025, which gives a 437 basis points buffer to the regulatory requirement of 8.71%. Under normal conditions, the company aims to have a CET1 ratio that is 2.3-3.3 percentage points above the regulatory requirement. This means that capital is not a constraint for growth during the next 12 to 18 months. While downside risks remain in the operating environment, Hoist has adequate buffers to withstand further deterioration in its portfolios.

Hoist's efficiency measures and increased scale boost profitability

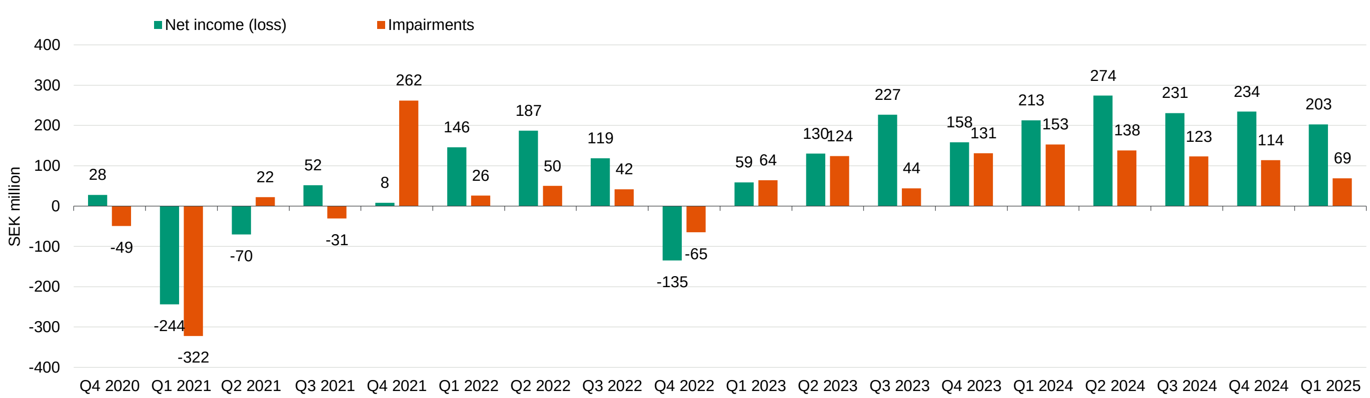
Our assigned baa1 Profitability score reflects our base case scenario that Hoist's profitability will remain good, with a net income to tangible assets ratio at around 1.5% during the next 12 to 18 months due to efficiency measures and higher business volumes, partly offset by costs related to an increased liquidity buffer. Furthermore, Hoist's ability to take retail deposits is a comparative advantage to peers following tightened funding conditions in the sector. The score is positioned one notch below the initial score as earnings have been less stable compared with traditional commercial banks.

During the first three months of 2025 Moody's adjusted net income to tangible assets ratio was 1.4%, a decrease from 1.68% as of year-end 2024 and from 2.33% as of 2024 Q1. The decline in profitability is primarily attributed to the expansion of the balance sheet, which was largely driven by a 79% increase in deposits since Q1 2024. Reported net interest income improved from SEK777 million in the first 3 months of 2024 to SEK920 million during the same period in 2025, an 18% increase.

Exhibit 4

Hoist's profitability has strengthened

Net income and impairment gains and losses



Net income is adjusted to include payments to Additional Tier 1 holders.

Source: Company Reports, Moody's Ratings

Strong funding profile, driven by a large and low cost deposit base

Our assigned baa3 Funding Structure score considers Hoist's competitive funding structure compared to peers, balanced against deposits sourced through internet platforms resulting in four notches of negative adjustments compared to the initial score.

Hoist primarily funds itself through retail deposits in Sweden, Germany, Poland, the Netherlands, Austria and Ireland through their own platforms as well as through Raisin. This funding source is cheaper than the funding that other debt purchasers have. This is part of a strategy to diversify deposit funding geographically to mitigate the risk of potential aggressive pricing competition in a specific geographic market. The deposits are collected through internet platforms, which we view as a potentially more volatile and less sticky form of funding than conventional bank deposits. Nevertheless, the deposit base is granular with more than 99% of deposits covered by the Swedish national deposit insurance. Hoist will replace deposit volumes on Raisin with own platforms that are more advantageous in the NSFR calculation.

Hoist has managed to remain attractive to savers, with retail deposits adding up to SEK39.8 billion as of March 2025. As one of the SDR requirements is for sight deposits to be less than 5% of all liabilities, Hoist has opted to only offer fixed rate accounts with a minimum of 3 months maturity. This has gone into effect in Q1 2025 and over 99% of deposits are now fixed term with an average time to maturity (TTM) of 0.92 years which reduces volatility and outflow risks.

Deposits account for about 80% of total funding, but we expect public bonds to continue to be an important share of the funding mix going forward. The proportion of market funds to tangible assets reached 9.7% as of March 2025. We do not expect a material change in the funding profile of Hoist in the coming 12 to 18 months.

Large liquidity portfolio, which provides enhanced financial flexibility

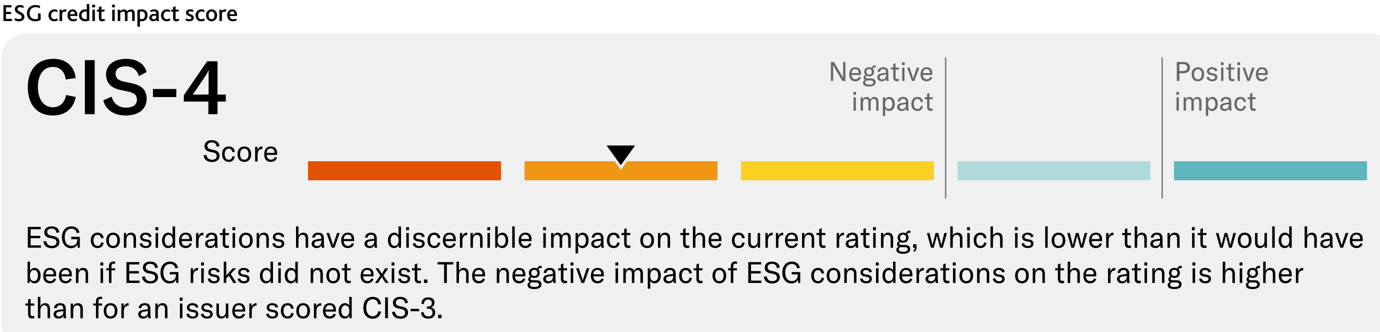
We view Hoist's liquidity (liquid banking assets are 48.2% of tangible banking assets as of March 2025) as one of its strengths. The liquidity portfolio consists of high-quality Treasury bills and Treasury bonds, overnight deposits with banks and covered bonds. However, our assigned Liquid Resources score is positioned two notches below the initial score as we expect the liquidity buffer to decrease slightly, and the fact that Hoist does not have access to central bank liquidity.

As of March 2025, Hoist had an NSFR ratio of 138%, down from 154% as of year-end 2024, with the reduction explained by Hoist applying SFSA's legal position on deposit platforms in Q1 2025. The LCR ratio is 1567%, up from 1029% as of year-end 2024 and significantly above the 100% regulatory limit. The liquidity portfolio has increased in order to meet the requirement to have an NSFR of at least 130% in order to qualify for SDR status. The liquidity reserve increased to SEK26.6 billion in Q1 2025 from SEK8.4 billion in Q1 2024. As Hoist will build up deposit volumes on their own platform instead of Raisin, this will have a positive effect on the NSFR calculation which will likely lead to Hoist gradually phasing out a modest share of its liquid instruments in the liquidity portfolio.

ESG considerations

Hoist Finance AB (publ)'s ESG credit impact score is CIS-4

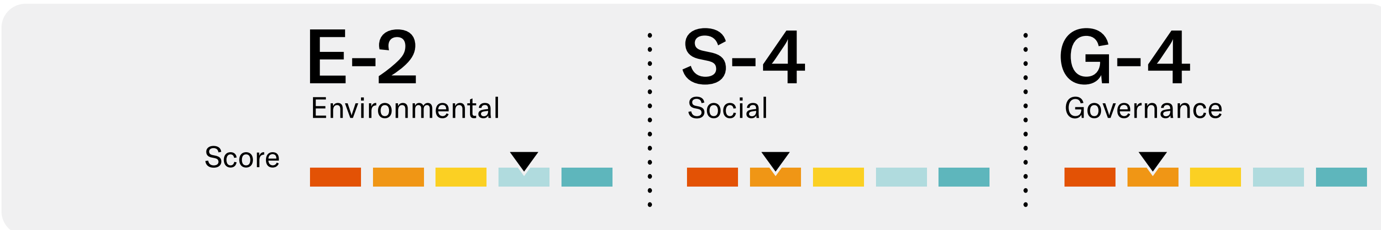
Exhibit 5
ESG credit impact score



Source: Moody's Ratings

Hoist's **CIS-4** indicates that ESG considerations have a discernable rating impact due to the bank's overall high governance risk, incorporated in a one-notch negative rating adjustment for corporate behaviour, reflecting relatively limited track record of stability in management and board structure as well as ambitious growth objectives that will require strong focus on risk management in all local markets to mitigate a potential increased level of credit risk. Exposure to high social risks also have an impact on the current rating.

Exhibit 6
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Hoist faces limited exposure to environmental risk, specifically in relation to carbon transition risks. This is because of its portfolio composition as a dedicated debt purchaser and third-party debt collector, mostly in the consumer segment.

Social

Hoist faces high industry-wide social risks related to regulatory and litigation risks, requiring high compliance standards. These risks are mitigated by developed policies and procedures. Cyber and customer data risks are high for Hoist and other debt purchasing companies because they access large amounts of personal data. This is mitigated by ongoing IT investments and organisational measures to prevent data breaches.

Governance

Hoist faces high governance risks. We acknowledge the increased stability in management and board structure, but we also consider Hoist's ambitious growth objectives and the inherent risks related to the subprime debt collection industry that raise governance risks, partly mitigated by the company's regulated nature and oversight. The two largest owners control over 40% of shares and have a large influence on the composition of the Board of Directors.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Loss Given Failure (LGF) analysis

We apply our Advanced LGF analysis to Hoist because the company is a regulated credit market company and it is based in Sweden, which we consider an operational resolution regime. We thus apply our advanced Loss Given Failure (LGF) analysis, in which we assume a residual TCE of 3% and post-failure losses of 8% of total banking assets and a 5% run-off in preferred deposits, and assign a 25% probability to deposits being preferred to senior unsecured debt. These are in line with our standard assumptions. Particularly for Hoist, we assume that Hoist does not source deposits considered junior, compared with the standard assumption of 26% of total deposits, as the company fully relies on a retail deposit base.

Hoist's senior unsecured creditors are likely to face extremely low loss-given-failure because of the loss absorption provided by its own volume and the amount of debt subordinated to it. This results in three notches of uplift from Hoist's Adjusted BCA for senior unsecured debt.

Hoist's junior senior unsecured programme rating is positioned one notch higher than the Adjusted BCA, indicating a low loss given failure. Hoist's subordinated debt ratings are positioned at the same level as the Adjusted BCA, indicating a moderate loss given failure.

Government support

Because we expect the probability of government support for Hoist's senior liabilities to be low, the ratings do not incorporate any uplift from government support.

Rating methodology and scorecard factors

Exhibit 7
Rating Factors

Macro Factors							
Weighted Macro Profile	**Strong**	**100%**					
Factor		**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency							
Asset Risk							
Problem Loans / Gross Loans		97.8%	caa3	↔	ba2	Long-run loss performance	
Capital							
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)		20.9%	aa2	↓↓	a3	Expected trend	Stress capital resilience
Profitability							
Net Income / Tangible Assets		1.4%	a3	↔	baa1	Earnings quality	
Combined Solvency Score			baa3		baa2		
Liquidity							
Funding Structure							
Market Funds / Tangible Banking Assets		9.4%	a2	↔	baa3	Deposit quality	
Liquid Resources							
Liquid Banking Assets / Tangible Banking Assets		43.8%	a1	↓	a3	Expected trend	Access to committed facilities
Combined Liquidity Score			a2		baa2		
Financial Profile			baa2		baa2		
Qualitative Adjustments					Adjustment		
Business Diversification					-1		
Opacity and Complexity					0		
Corporate Behavior					-1		
Total Qualitative Adjustments					-2		
Sovereign or Affiliate constraint					Aaa		
BCA Scorecard-indicated Outcome - Range					baa3 - ba2		
Assigned BCA					ba2		
Affiliate Support notching					0		
Adjusted BCA					ba2		

Balance Sheet	**in-scope (SEK Million)**	**% in-scope**	**at-failure (SEK Million)**	**% at-failure**
Other liabilities	7,366	12.8%	9,357	16.3%
Deposits	39,818	69.2%	37,827	65.7%
Preferred deposits	39,818	69.2%	37,827	65.7%
Senior unsecured bank debt	5,341	9.3%	5,341	9.3%
Dated subordinated bank debt	2,593	4.5%	2,593	4.5%
Preference shares (bank)	700	1.2%	700	1.2%
Equity	1,726	3.0%	1,726	3.0%
Total Tangible Banking Assets	57,544	100.0%	57,544	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	18.0%	18.0%	18.0%	18.0%	3	3	3	3	0	baa2
Counterparty Risk Assessment	18.0%	18.0%	18.0%	18.0%	3	3	3	3	0	baa2 (cr)
Senior unsecured bank debt	18.0%	8.7%	18.0%	8.7%	3	3	3	-	-	-
Junior senior unsecured bank debt	8.7%	8.7%	8.7%	8.7%	1	1	1	1	0	ba1
Dated subordinated bank debt	8.7%	4.2%	8.7%	4.2%	0	0	0	0	0	ba2

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	baa2	0	Baa2	Baa2
Counterparty Risk Assessment	3	0	baa2 (cr)	0	Baa2(cr)	
Senior unsecured bank debt	-	-	-	0	Baa2	(P)Baa2
Junior senior unsecured bank debt	1	0	ba1	0	Ba1	(P)Ba1
Dated subordinated bank debt	0	0	ba2	0	Ba2	Ba2

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Ratings

Ratings

Exhibit 8

Category	Moody's Rating
HOIST FINANCE AB (PUBL)	
Outlook	Positive
Counterparty Risk Rating	Baa2/P-2
Baseline Credit Assessment	ba2
Adjusted Baseline Credit Assessment	ba2
Counterparty Risk Assessment	Baa2(cr)/P-2(cr)
Issuer Rating	Baa2
Senior Unsecured -Dom Curr	Baa2
Junior Senior Unsecured -Dom Curr	Ba1
Junior Senior Unsecured MTN	(P)Ba1
Subordinate	Ba2
ST Issuer Rating	P-2

Source: Moody's Ratings

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454