Hoist Finance
By your side

Hoist Finance
Capital Markets Day 2021

Today's key messages

» Customer first

» Significant progress despite two challenging years

» Large market opportunity ahead

» Hoist Finance is very well positioned and our strategy is fit for purpose


Karolina, Wroclaw

We Support People Back to Financial Inclusion

Vision:

By Your Side

Mission:

Helping People Keep Their Commitments

We are delivering on our strategy

Market Leadership	Effective and Efficient	Digital Leader	Banking Platform
In attractive growth markets with high digital penetration and low risk	Executing on our cost savings and delivering on existing projects	The digital leader in the industry with digital only strategies	Develop customer engagement, understand needs for further support
Grow	**Reap benefits**	**Reinforce**	**Further develop**

Significant progress in many areas

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Market Leadership

SEK ~6bn
Invested in other assets classes

No 1
In France and No 2 in Poland

Effective and Efficient

85%
Data migration to the cloud

~150 FTEs
Nearshored Contact Centre & Back Office

Digital Leader

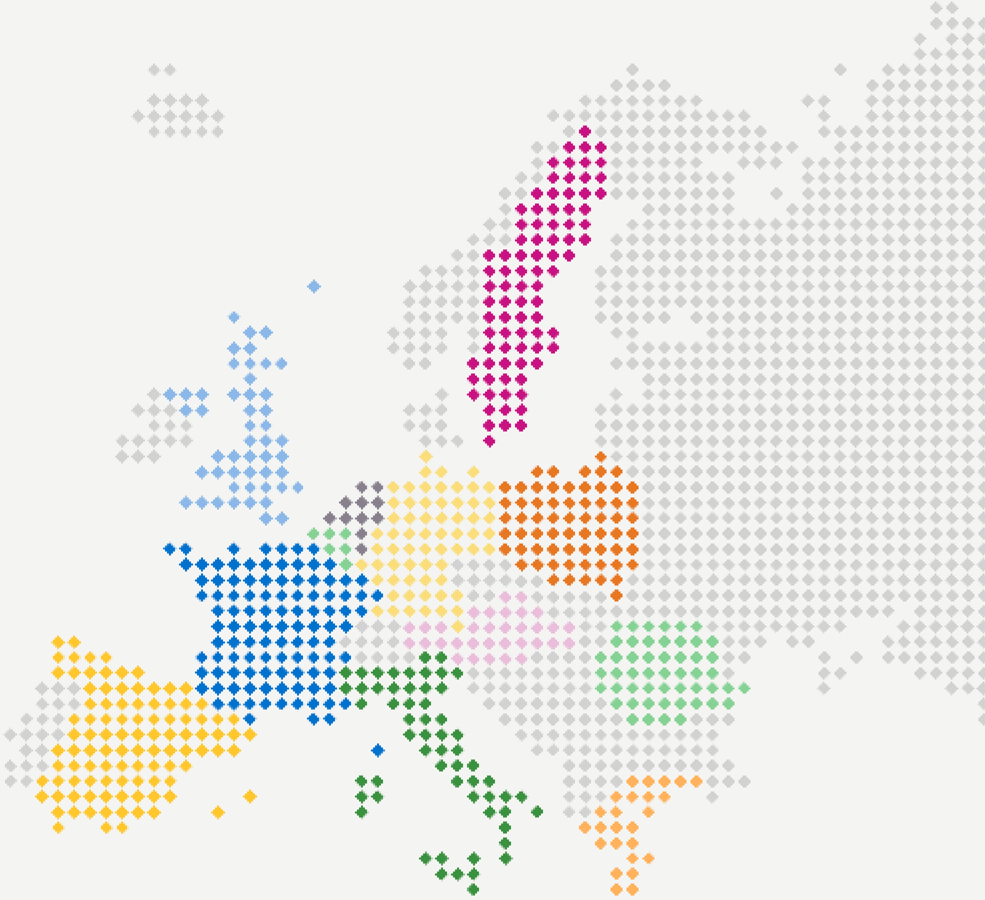
20%
Digital collections

100%
Markets served by self service portal

Banking Platform

4
Performing loan portfolios acquired

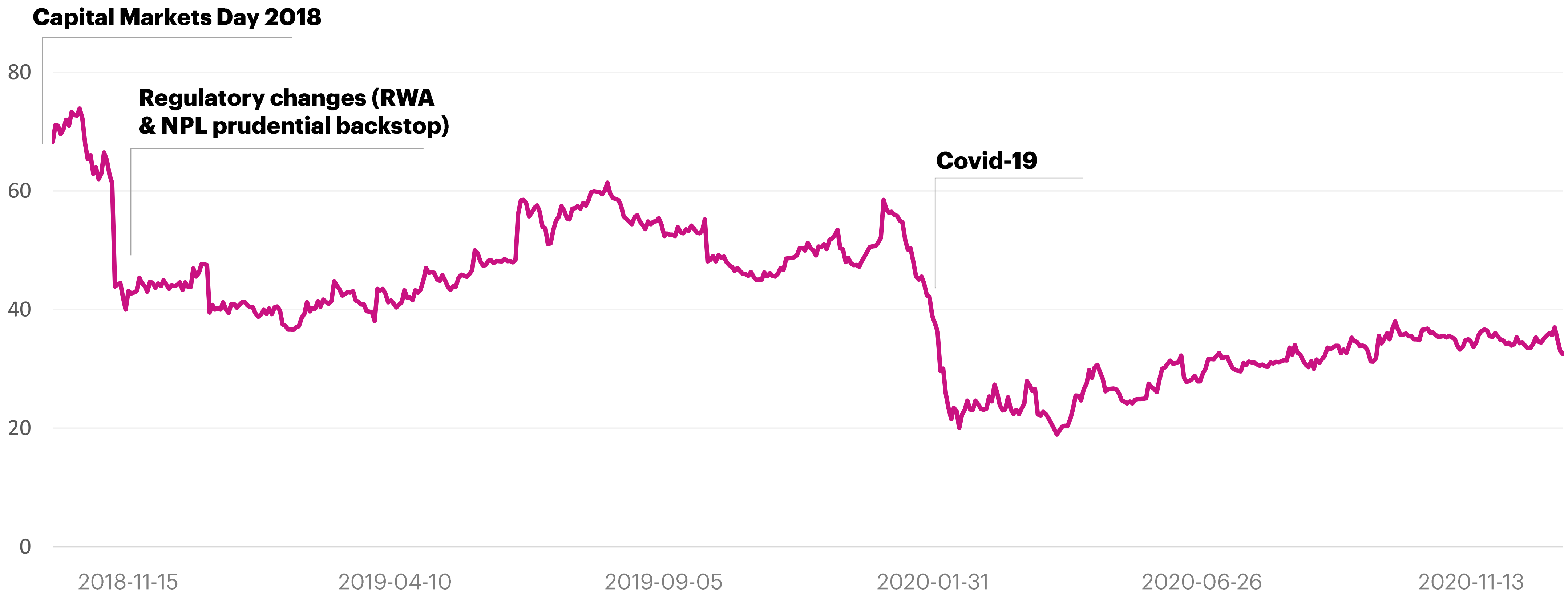
>25
Years of customer data



We have had two challenging years...

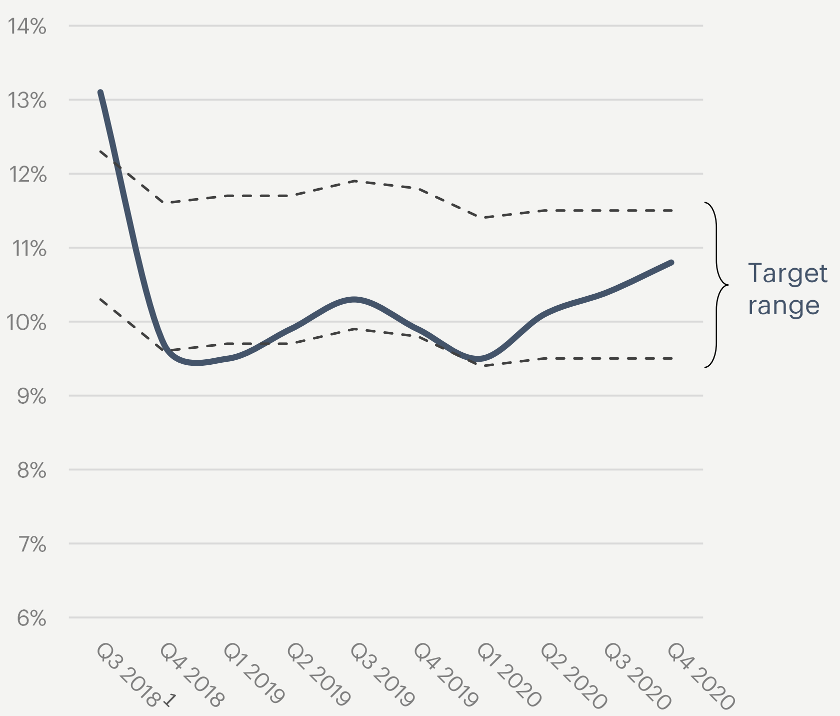
Hoist Finance share price development

SEK

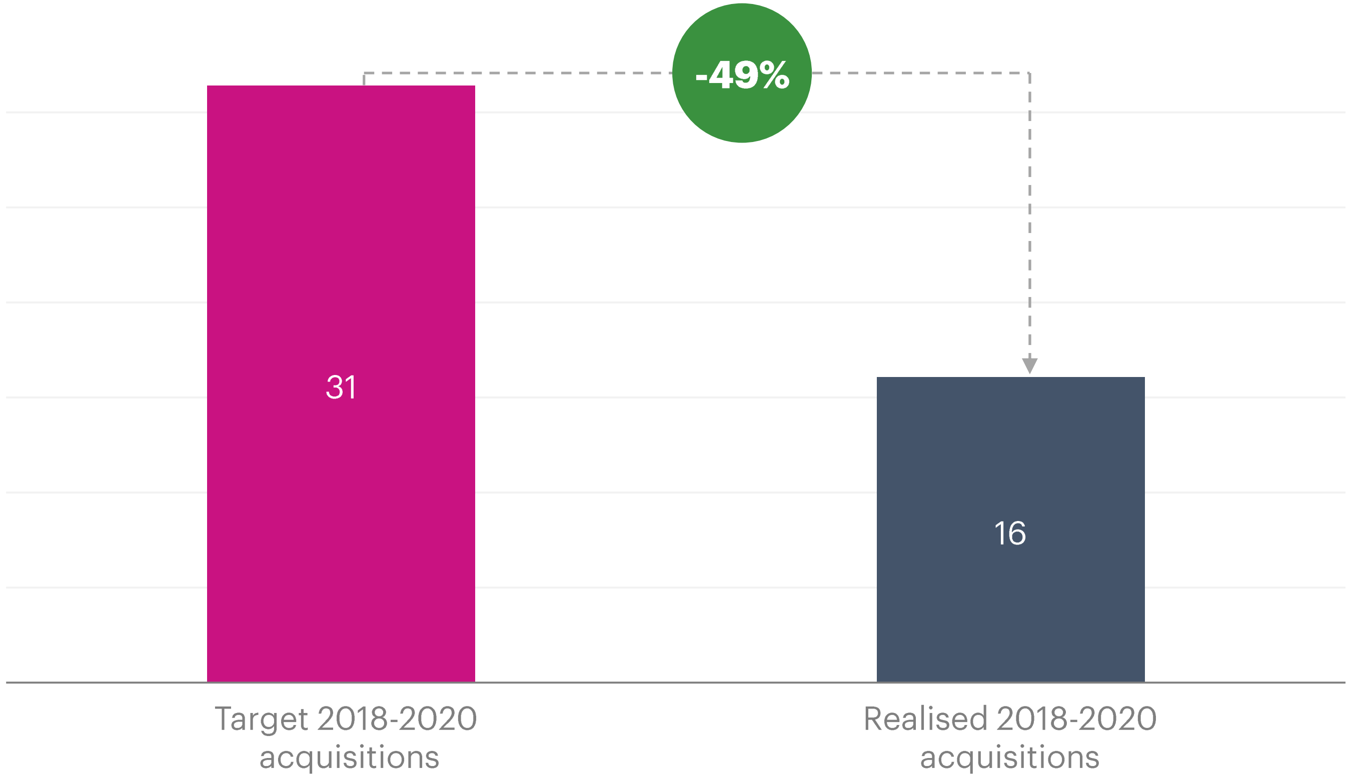


...with limited capacity to invest

CET1 Ratio



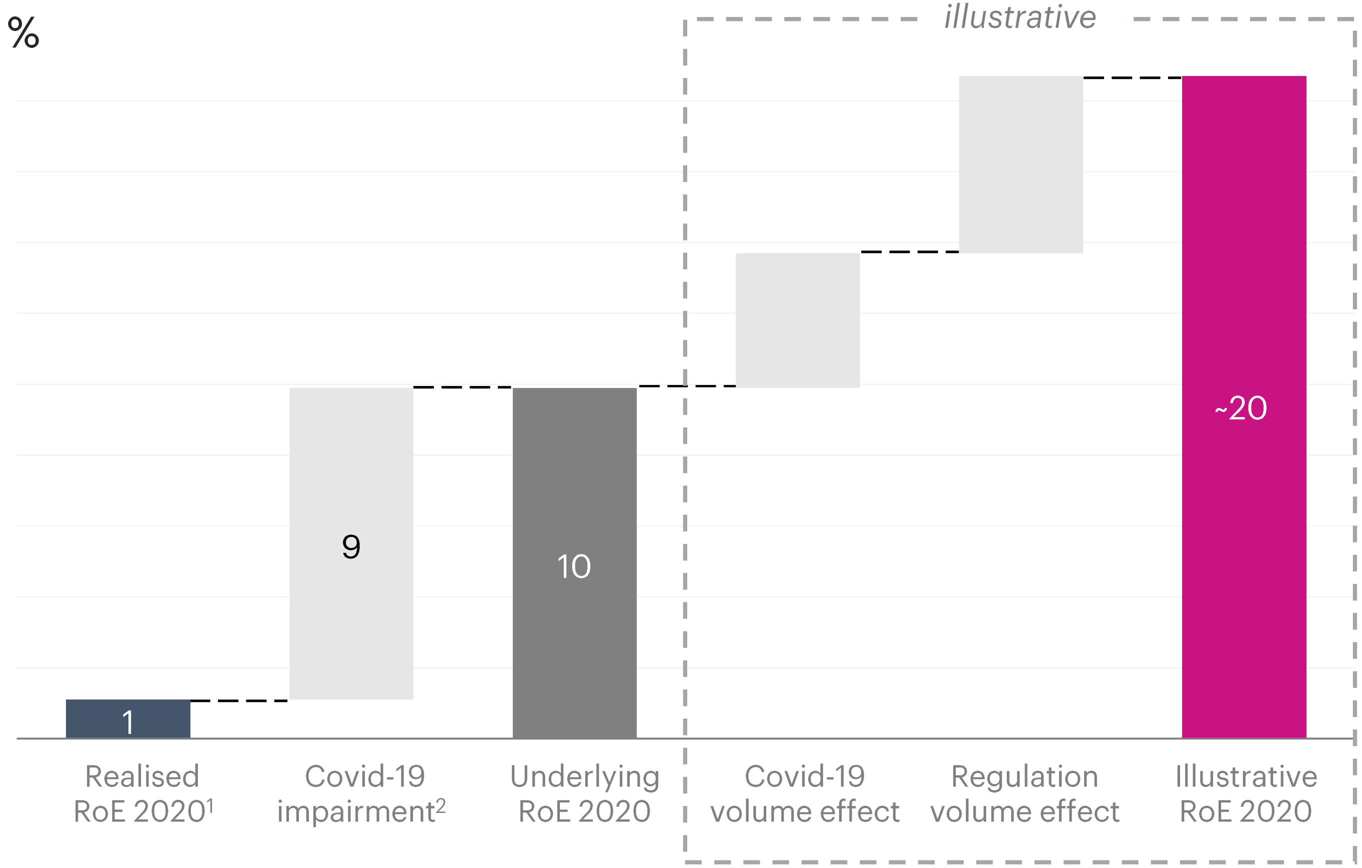
Cumulative acquisitions development
SEK Billion



1. Q3-18 share issue included

Portfolio investments is key to profitability

RoE breakdown 2020



1. Adjusted for IAC (excluding Spain impairment)
2. Total impairment including Spain IAC

We are closing the performance gap

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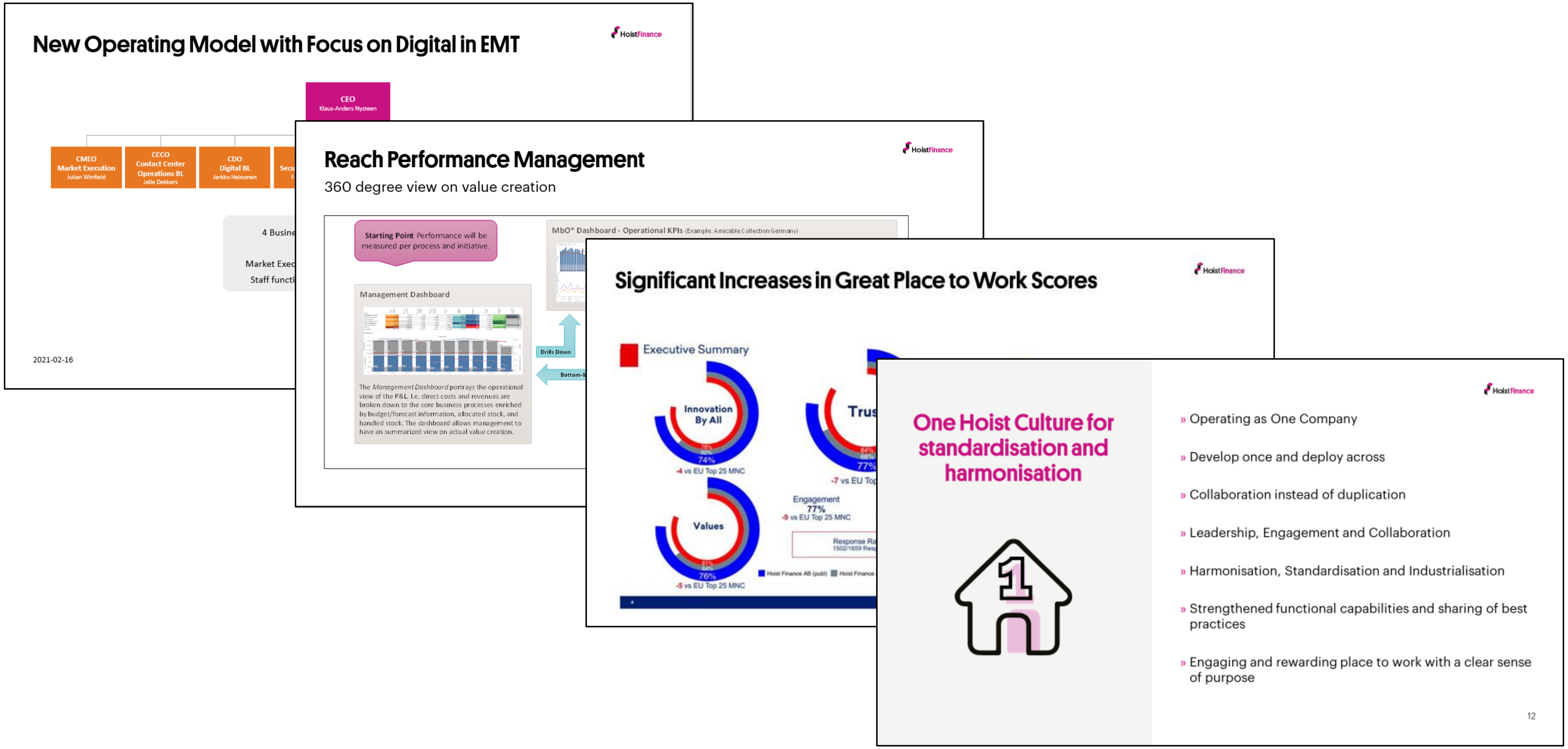
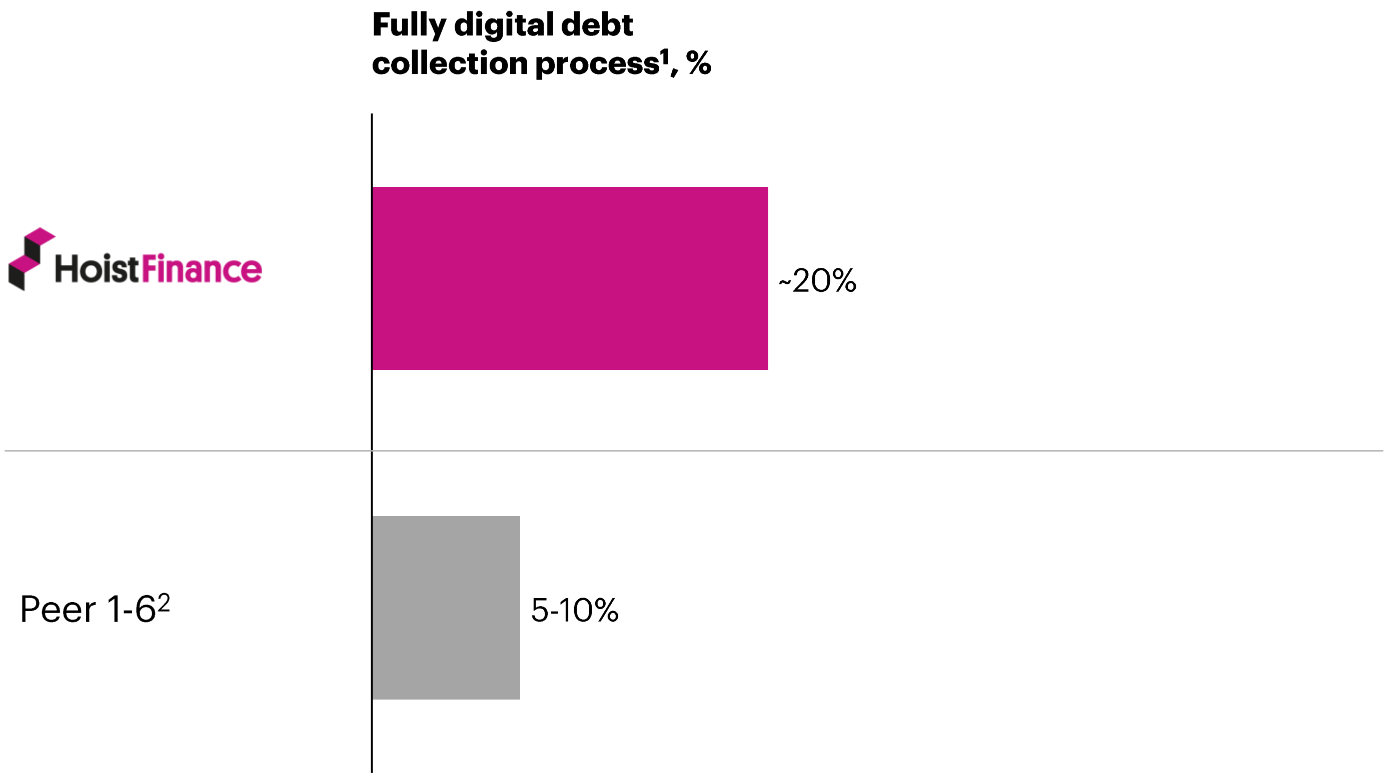


We are the industry leader in digital collections



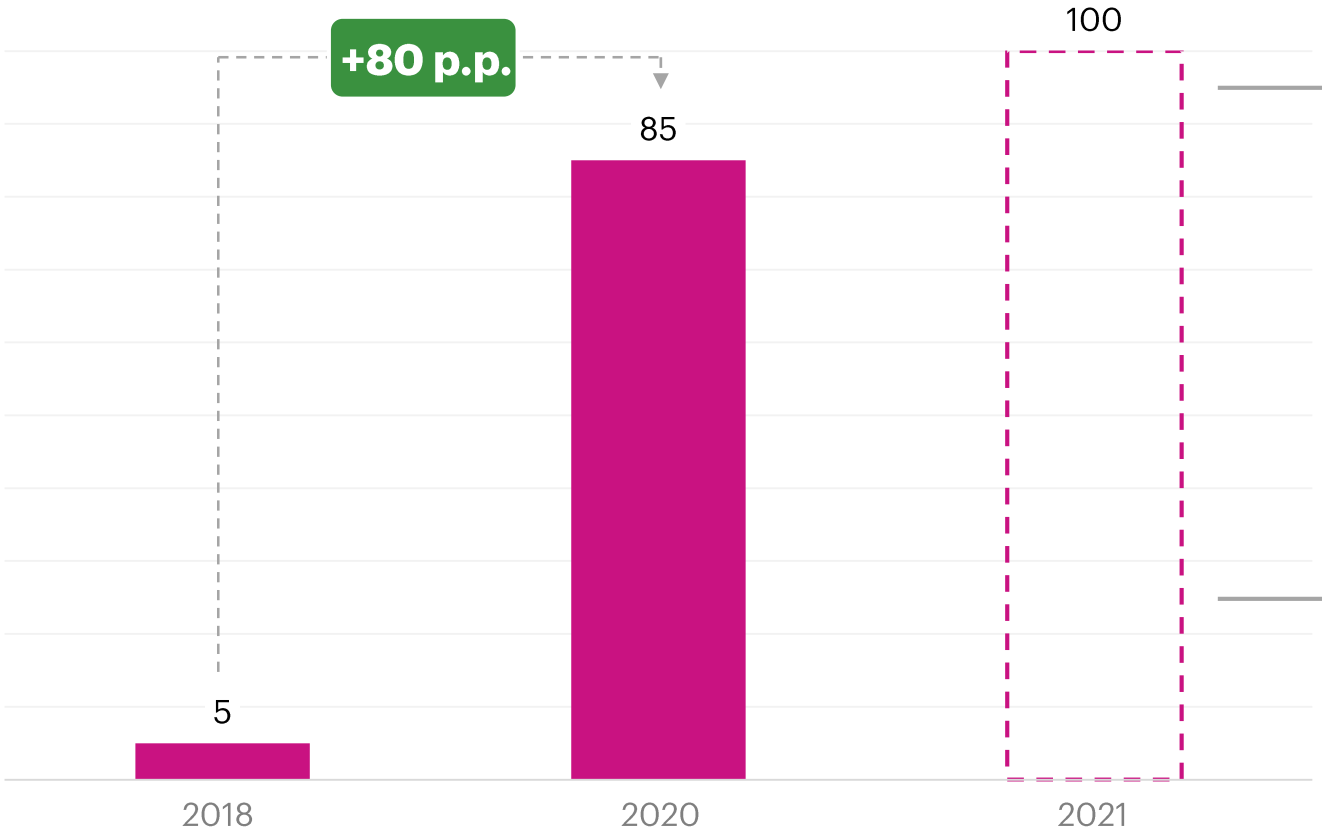
- ✓ Strongest digital performance across debt collection process
- ✓ Broadest digital rollout across markets compared to peers
- ✓ Potential upside in closing customers appetite for self service gap

1. Full collection process is performed digitally, from first point of contact to final payment from debt holder
2. Combined measure for 6 peers

SOURCE: Market research conducted by external consultancy firm in February 2021

Cloud migration from 5% to 85%

2018-2020
%



SOURCE: Market research conducted in February 2021

95%
Current level

20-30%
Industry average

Turnaround France and Germany

SEK million

France

"I am with you for two years, what I love is that you are not pressing people with calls once the sum is agreed and it is also good you can do everything online, and being flexible with the payment amounts."

– French customer

Profit before tax, 2020	**106**
Profit before tax, 2018	**-5**

Key drivers

» Secured NPL market leader
» ~20% of operations in low cost jurisdictions
» 50% increase in digital collections in 2020
» 15 p.p YoY increase in GPTW® Trust Index©
» Fitch servicer rating

Germany

"Compassionate to our financial problems and they do everything possible to find a fair reimbursement solution so as not to further deteriorate an already difficult situation."

– German customer

Profit before tax, 2020	**114**
Profit before tax, 2018	**53**

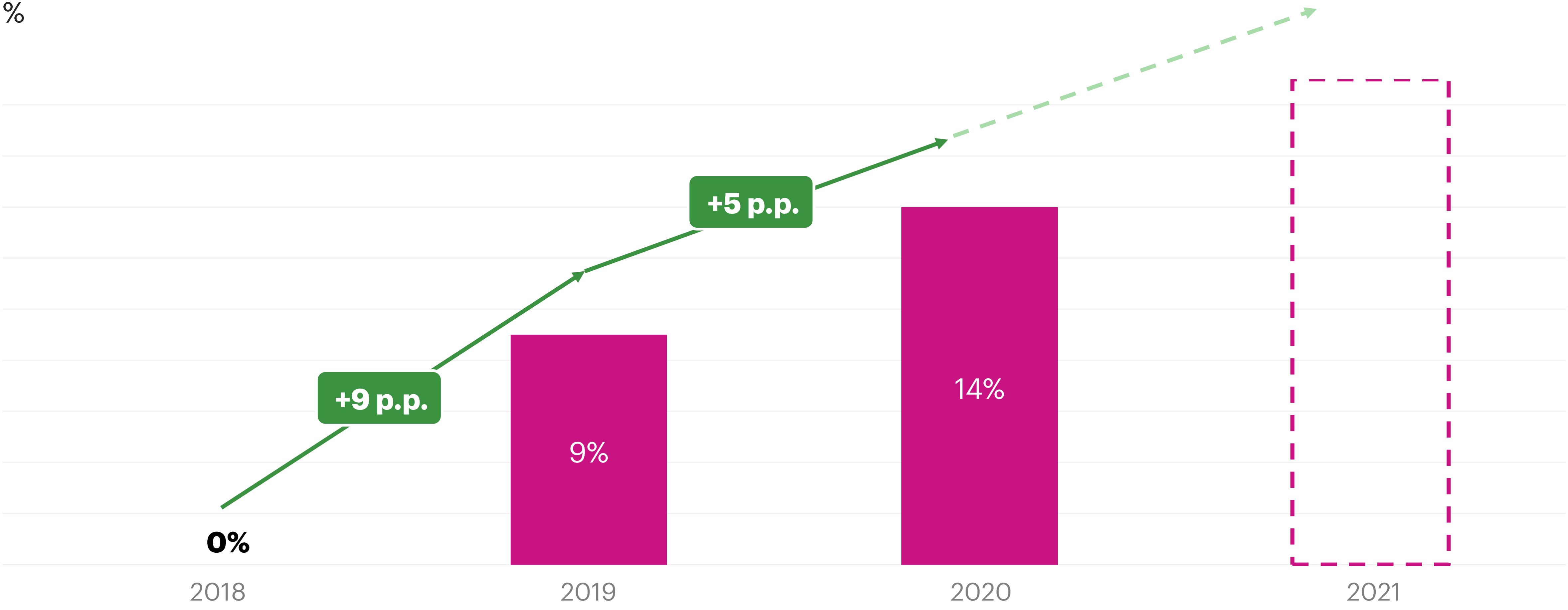
Key drivers

» Most active transaction market in 2020
» ~25% of operations in low cost jurisdictions
» Digital collections increased four times in 2020
» 14 p.p YoY increase in GPTW® Trust Index©
» Fitch servicer rating
» Strategic Rules Engine rollout in 2020

Increased share of workforce in low cost locations from 0% to 14% in two years

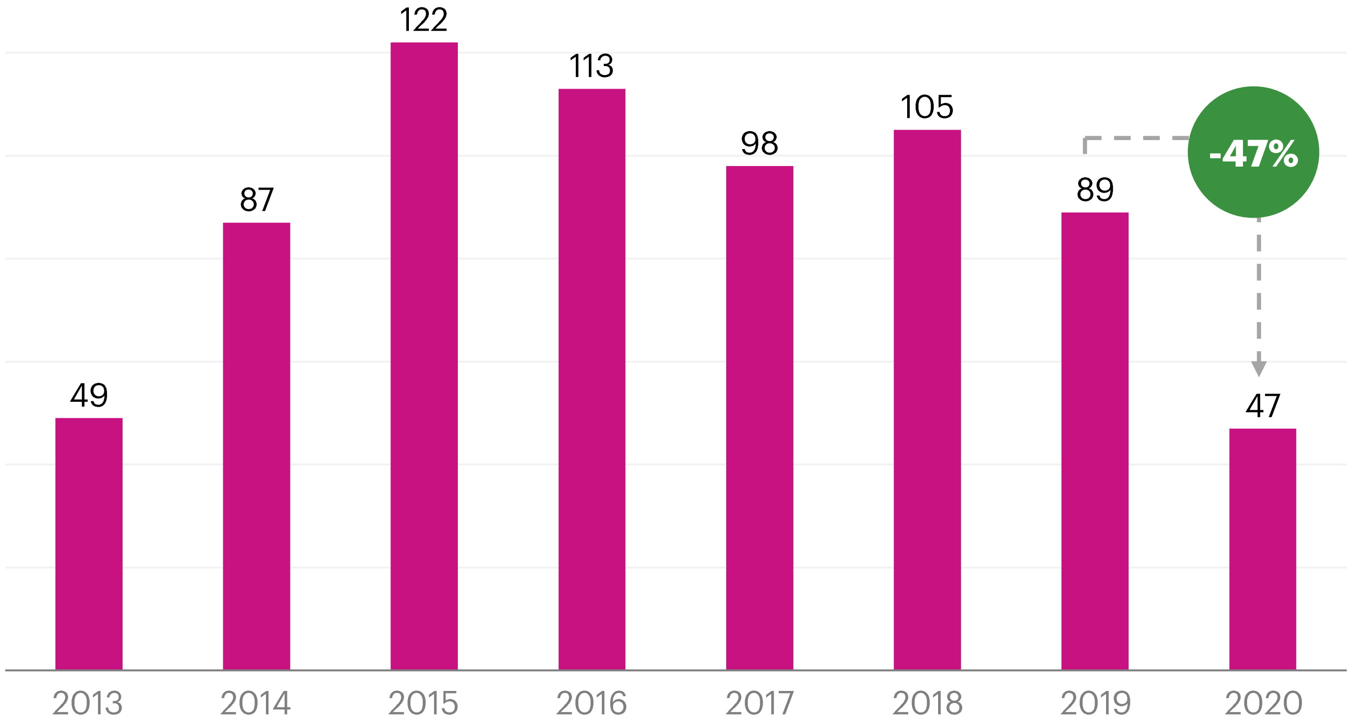
Share of workforce in low cost locations (shared service centre and nearshoring)

%



NPL traded volume took a large hit from Covid-19...

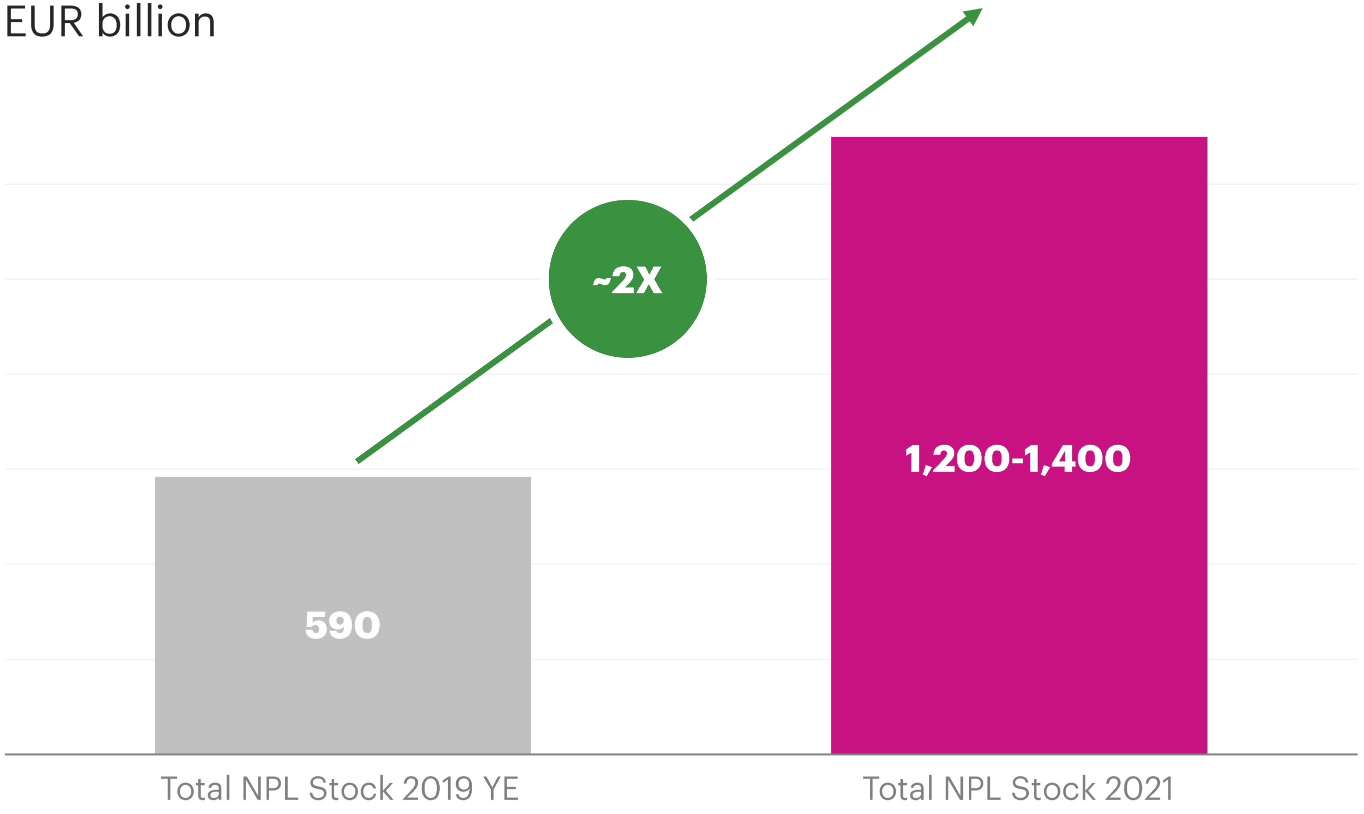
NPL traded volume growth in Europe
EUR billion



SOURCE: PWC - €150 billion of NPL portfolios expected to trade over the next 2 years across Europe

...but we are now facing a large market expansion with NPL stock doubling from pre-Covid levels.

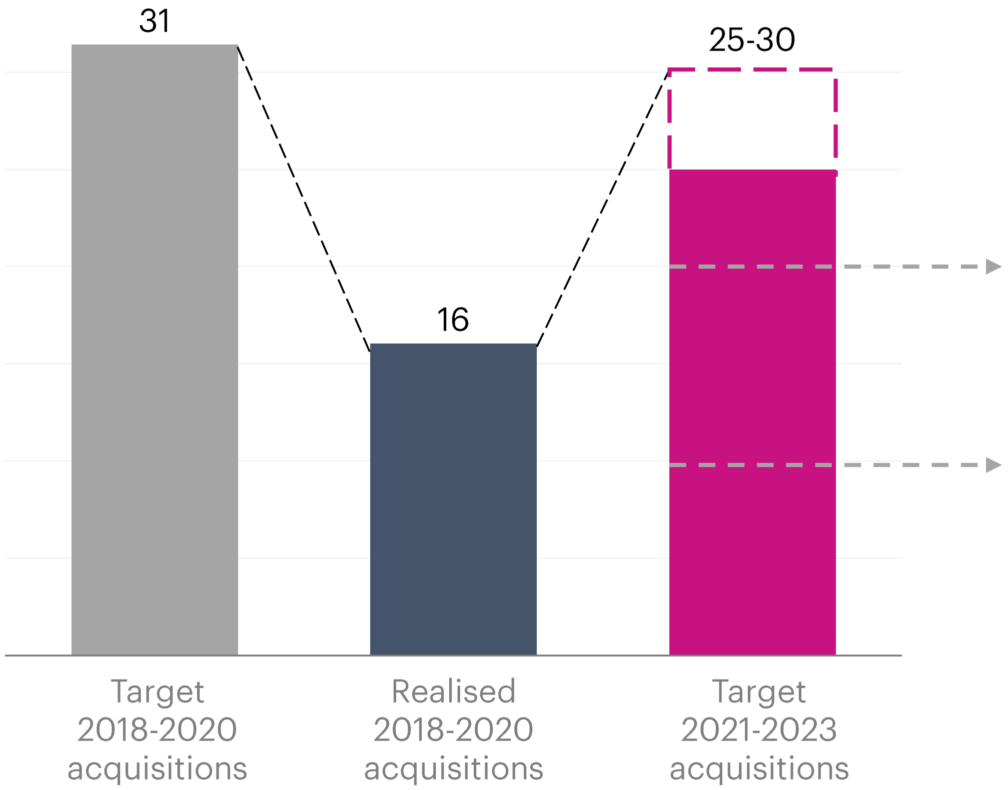
Expected NPL stock volume growth in key Europe markets[1] post Covid-19
EUR billion



1. Italy, France, Spain, Greece, UK, Germany, Netherlands, Portugal, Denmark, Sweden, Other CE, Other Nordic
SOURCE: Oliver Wyman report: THE NPL WAVE – Post Covid opportunities in the NPL space

To reach the target RoE of >15%, we will accelerate investments...

Cumulative acquisitions
SEK billion

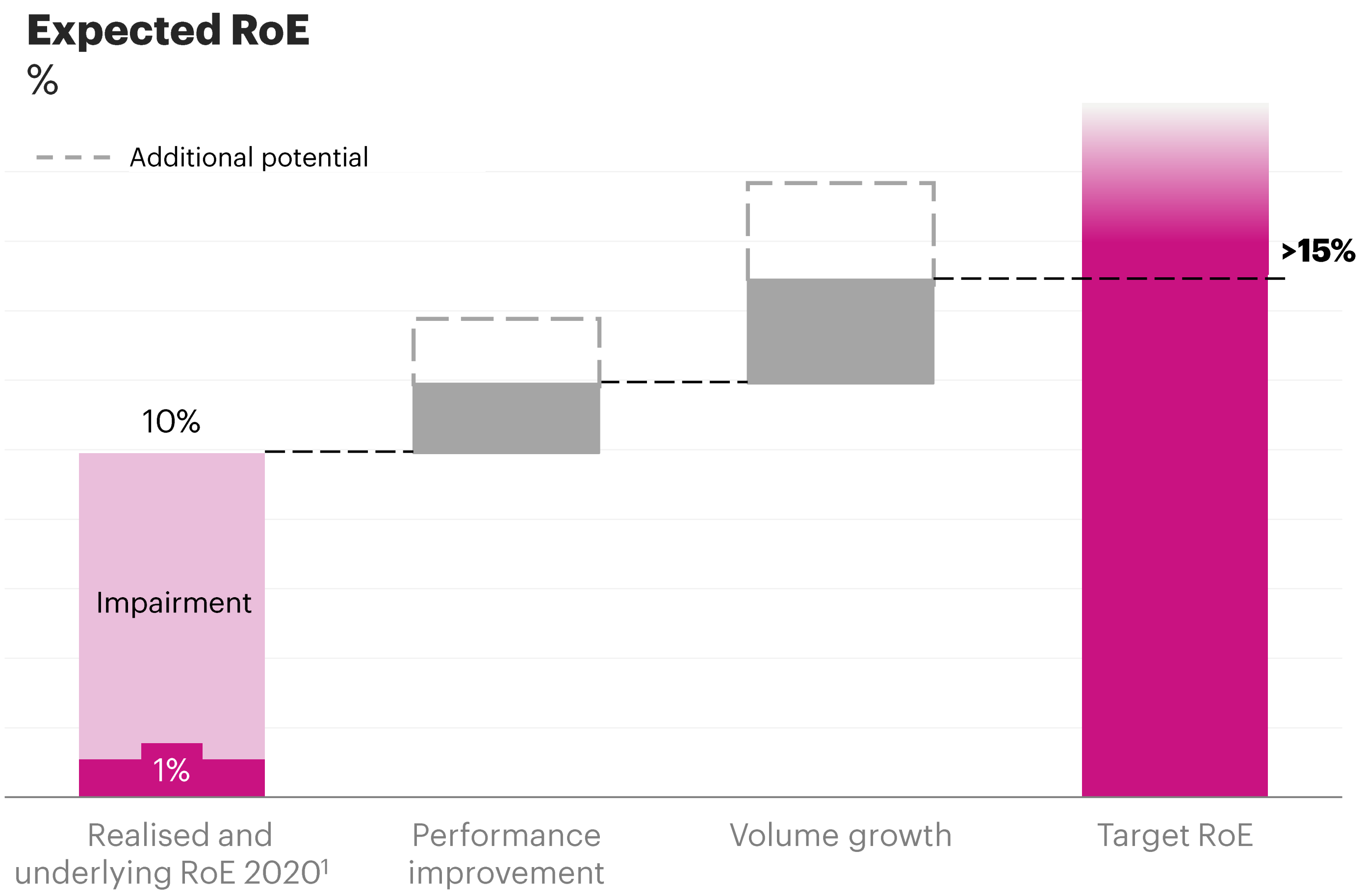


High operating leverage on incremental acquisitions

~ 20 bn SEK
acquisition
15% RoE

~10 bn SEK
Replacement value

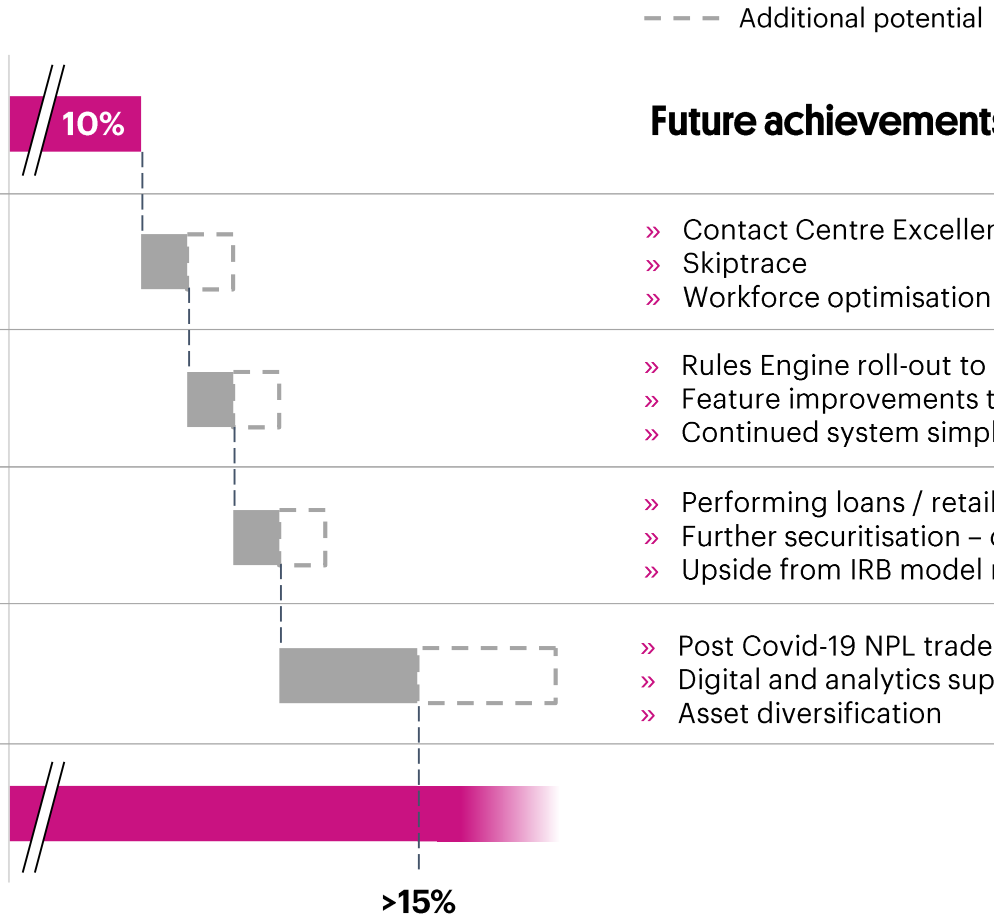
...through a combination of performance improvements and growth.



1. Adjusted for impairments with ~9% impact on realised RoE

We have a path to deliver on our targets in the coming years with the investments done

Expected RoE growth
%



2018 strategy still fit for purpose

	Future achievements
Underlying RoE 2020[1]	
Effective and Efficient	» Contact Centre Excellence » Skiptrace » Workforce optimisation
Digital Leader	» Rules Engine roll-out to all markets » Feature improvements to SSP » Continued system simplification
Banking Platform (Capital efficiency)	» Performing loans / retail expansion » Further securitisation – capital binding reductions 20% » Upside from IRB model not included
Market Leadership (NPL growth)	» Post Covid-19 NPL trade growth » Digital and analytics supporting wins » Asset diversification
Target RoE	

1. Adjusted for impairments with ~9% impact on realised RoE

Experienced team ready to deliver

Klaus-Anders Nysteen
CEO

With Hoist Finance since 2018

25 years of financial
and industry experience

Christer Johansson
Chief Finance Officer

With Hoist Finance since 2014

15 years of financial
and industry experience

Stephan Ohlmeyer
Chief Investment Officer

With Hoist Finance since 2018

25 years financial
and industry experience

Melanie Foster
Chief of Staff

With Hoist Finance since 2012

16 years of financial services
and industry experience

Julian Winfield
Chief Market Execution Officer

With Hoist Finance since 2014

22 years financial services
and industry experience

Fabien Klecha
Chief Secured Assets Officer

With Hoist Finance since 2012

15 years financial
and industry experience

Julia Ehrhardt
Chief Retail Banking and Business Development Officer

With Hoist Finance since 2020

15 years of banking
and industry experience

Jelle Dekkers
Chief Contact Center Operations Officer

With Hoist Finance since 2015

17 years of industry experience

Jarkko Heinonen
Chief Digital Officer

With Hoist Finance since 2021

20 years experience from
financial services and digital

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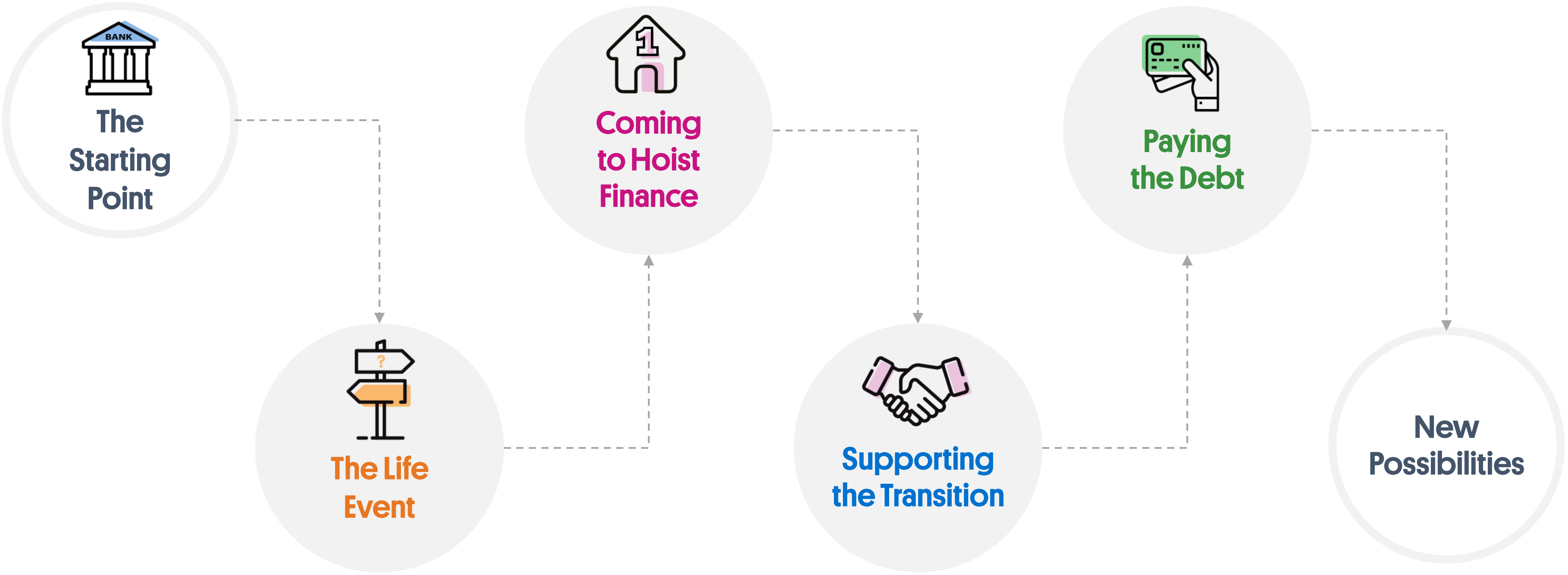
We have helped people in financial difficulties for 25+ years

Hoist Finance gives customers a second chance



Anyone can end up in debt

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“4 years ago I took a bank loan. I had good salary but **when I got sick I lost my job**.“

Maria, 60

» Had a stable income but got sick and could not continue her job.

» Regular payer (49%).

» Prefers self-service channels.

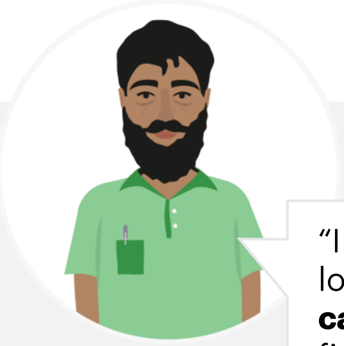
“**I lost my job** and ended up in overdraft.”

Béatrice, 42

» Works as artist, but has a hard time finding income due to Covid-19.

» Irregular payer (19%).

» Needs reminders.



“I bought a car with a loan and then **I had a car accident.** I couldn’t find an arrangement with the car firm.”

Henry, 27

» Works as a financial consultant.

» One-off settlement payer (11%).

» Prefers self-service channels.

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Contact Centre Operations
Business Line

SEK 28.4bn	Estimated Remaining Collections
70%	Amicable collections
~30%	Conversion rate
5m	Active customers
~850 FTEs	Contact centre operations[1]
~150 FTEs	in low cost jurisdiction

1. Debt purchasing

Milestones and strategy

Cost per FTE -6%
#FTE / BV -3%

2018

- Performance management
- Introduce nearshoring
- Site consolidation
- Move collections to low cost channels
- Differentiated contact strategy
- Improving trace

2019

Site consolidation in the UK and France

FR, DE, BeNe, IT and UK supported from Romania

KPI standardisation

2020

Rules Engine deployed in Germany

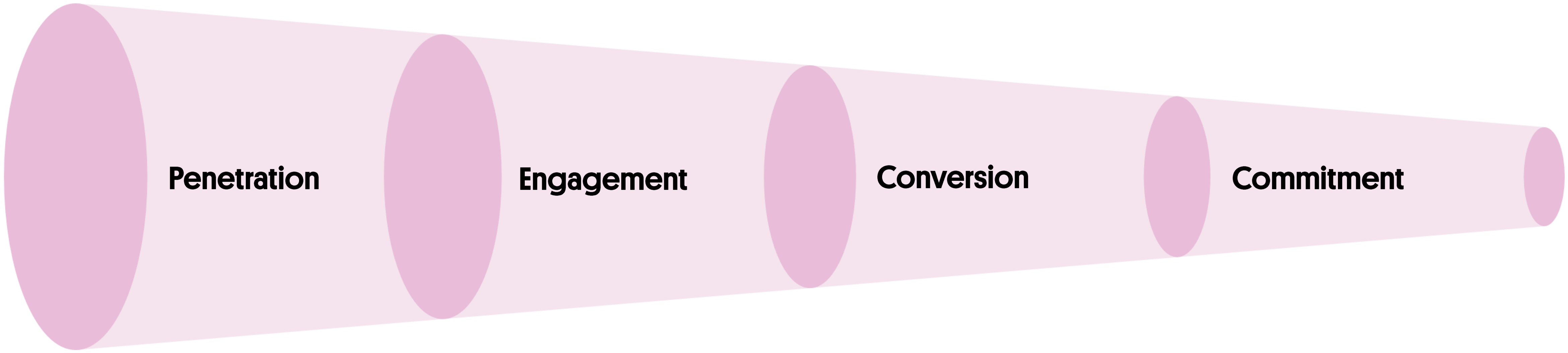
Dialer deployed in all countries

High Performing Teams

2021 - 2023

- Rules Engine deployed in every country
- Nearshoring completion
- Litigation optimisation
- Skiptrace
- Workforce optimisation
- Backoffice automation

Initiatives throughout the conversion funnel



Key improvement levers

Skiptrace to enhance penetration

Workforce optimisation to increase engagement

Rules Engine conducting portfolio management

Performance improvement initiatives

Four times contact centre award finalist 2021

Tuesday 16th March

European Contact Centre and Customer Service Awards

2 x categories:

- Most effective application of technology
- Responding in a crisis – best partnership (technology)

Tuesday 27th April

The Forum Gala Awards

2 x categories:

- Innovation and transformation
- Client and supplier partnership (with Aspect)

Optimisation programmes supporting growth

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Skiptrace

Data cleansing and enrichment

Reactivating 1.5m inactive customers

Performance improvement

High Performing Teams Program

80 team leaders receive 550 hours of training

Target conversion increase 5%

Workforce optimisation

Shift and shrinkage efficiency

Speech analytics decreased silence time by 14% (UK pilot)

Number of calls handled per FTE up by 6%

Improve collection performance

Improve efficiency

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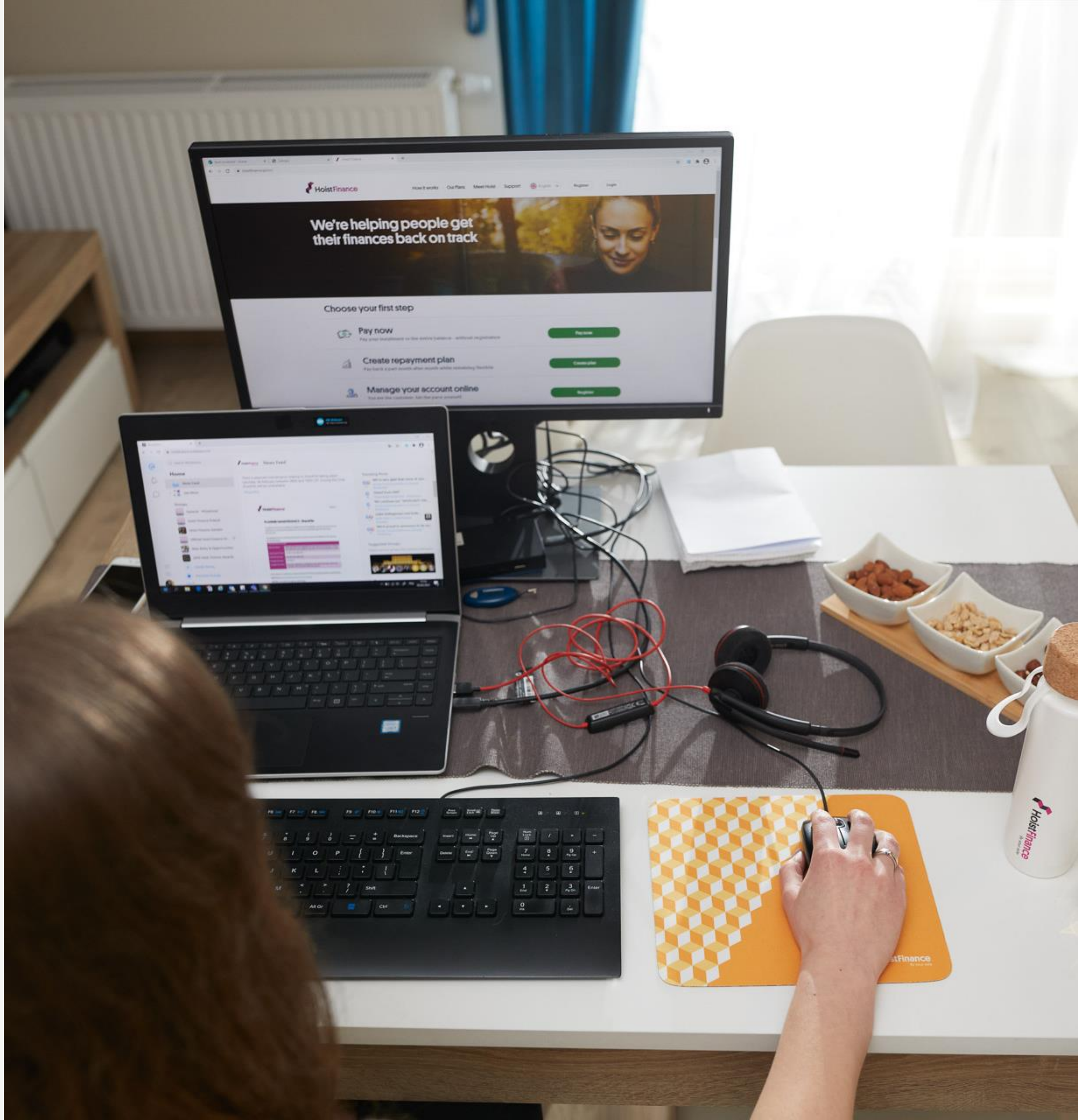
Digital
Business Line

100%	Self-serve coverage[1]
85%	Data migrated to the cloud
20%	Digital collections rate
~40%	Total YoY growth
~190%	YoY growth ex-UK
SEK 800m	Collections through digital channels to date

1. Excluding Greece which is externally serviced



Leaps in digital collection rate

8% digital collections

Self service portal in the UK

2018

13% digital collections

Self service portals in main markets

2019

20% digital collections

Data-driven business intelligence

Rules Engine

Centralised IT

2020

35-40% digital collections

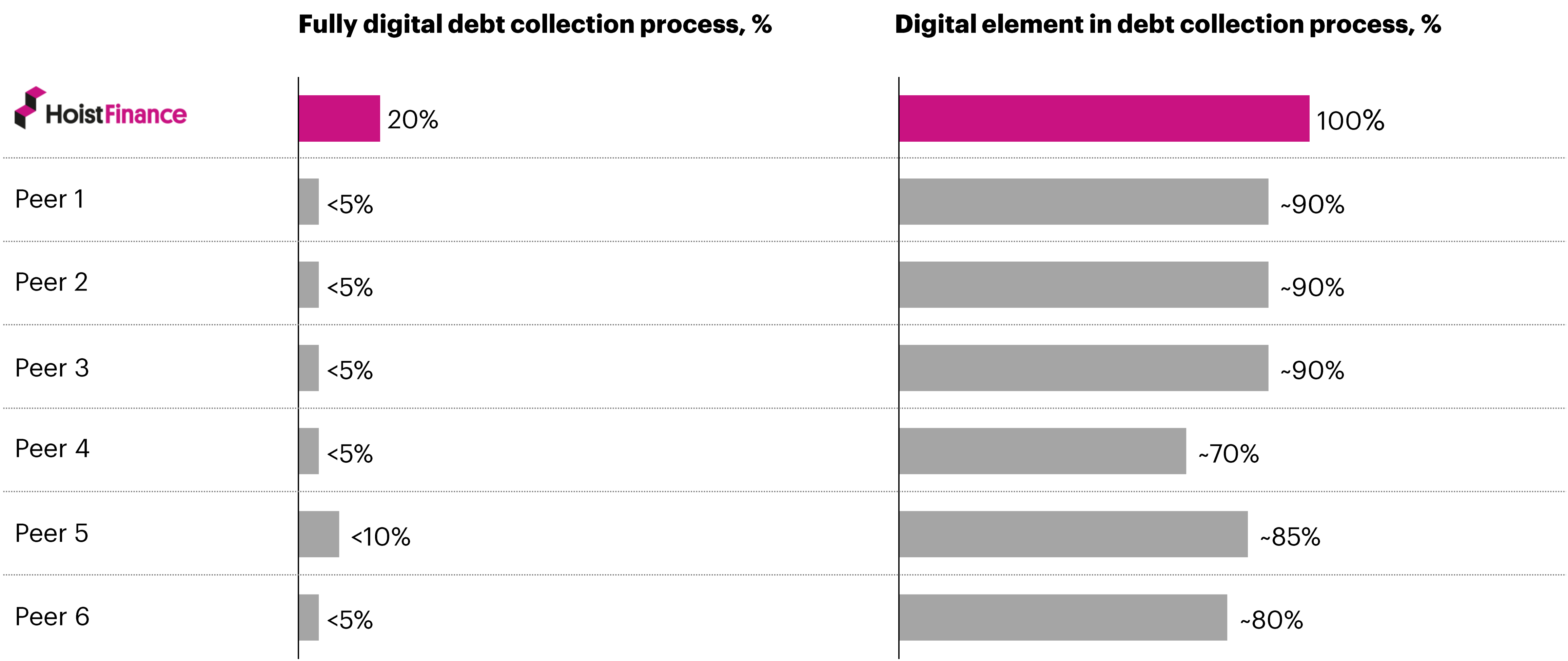
Digital first strategies

Full scale deployment

Value added services

2021 - 2023

Leaders in digital collection processes



SOURCE: Market research conducted by external consultancy firm in February 2021

Leading digital market penetration

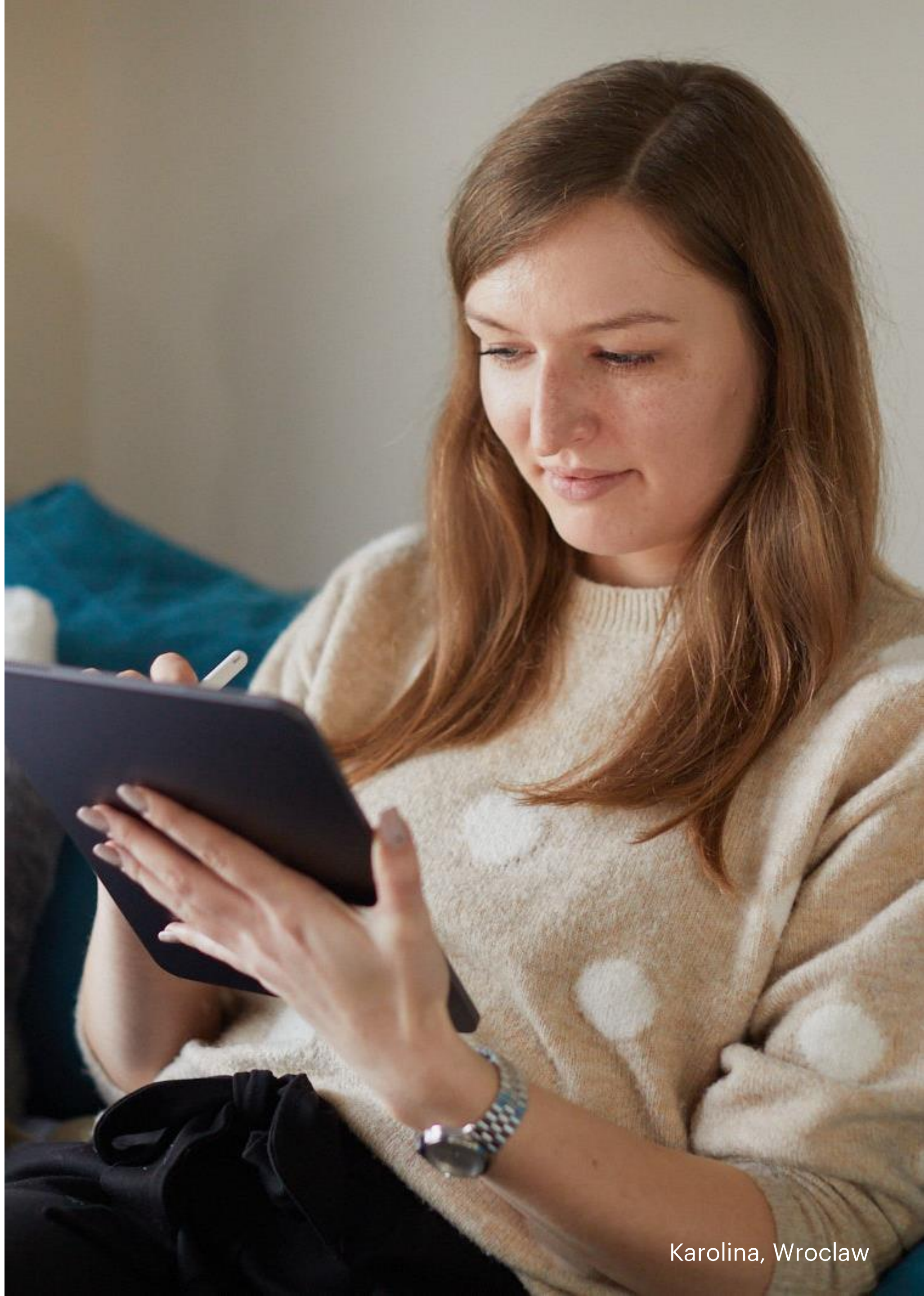
Not implemented | Emerging digital penetration | Advanced digital penetration

	Market 1	Market 2	Market 3	Market 4	Market 5	Market 6	Market 7	Market 8
Hoist Finance				n/a				n/a
Peer 1		n/a		n/a		n/a	n/a	n/a
Peer 2			n/a	n/a	n/a	n/a	n/a	
Peer 3		n/a		n/a		n/a	n/a	n/a
Peer 4								
Peer 5								
Peer 6	n/a	n/a						

SOURCE: Market research conducted by external consultancy firm in February 2021

Transformational results with You Pay, We Pay

Data-driven	+30%	payment plans
Automated	+15%	instalment value
Engaging	-87%	plan breakage



Karolina, Wroclaw

Continuous digital growth and success

Group-wide deployment of digital services

Service expansion

Enhanced
self service portal
in IT, NL and BE

Value-added services

Process automation

Digital by default
strategies for
new portfolios

Full rules engine
rollout in all markets

IT improvements

Harmonised
network infrastructure

Harmonisation of
collection systems

Product innovation

Chatbot in FR and DE

New contact
methods

Pilots

35-40% digital collections rate and >30% in customer engagement

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Secured Assets
Business Line

SEK 4.4bn	Invested to date
~40%	of purchase price collected to date
SEK 4.3bn	Estimated Remaining Collections (ERC)
~77%	of ERC to be collected over the next 3 years
~60	FTEs in 3 countries

Secured is becoming increasingly important

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SEK 2.2bn invested
2 countries

French and Italian platforms

2018

SEK 4.3bn invested
2 countries

Landmark transaction that created a new leader in the French market

2019

SEK4.4bn invested
3 countries

FitchRatings

Fitch rating of the secured platforms in Italy and France

First portfolio acquisition in Spain

2020

SEK 2-3bn p.a.
5 countries

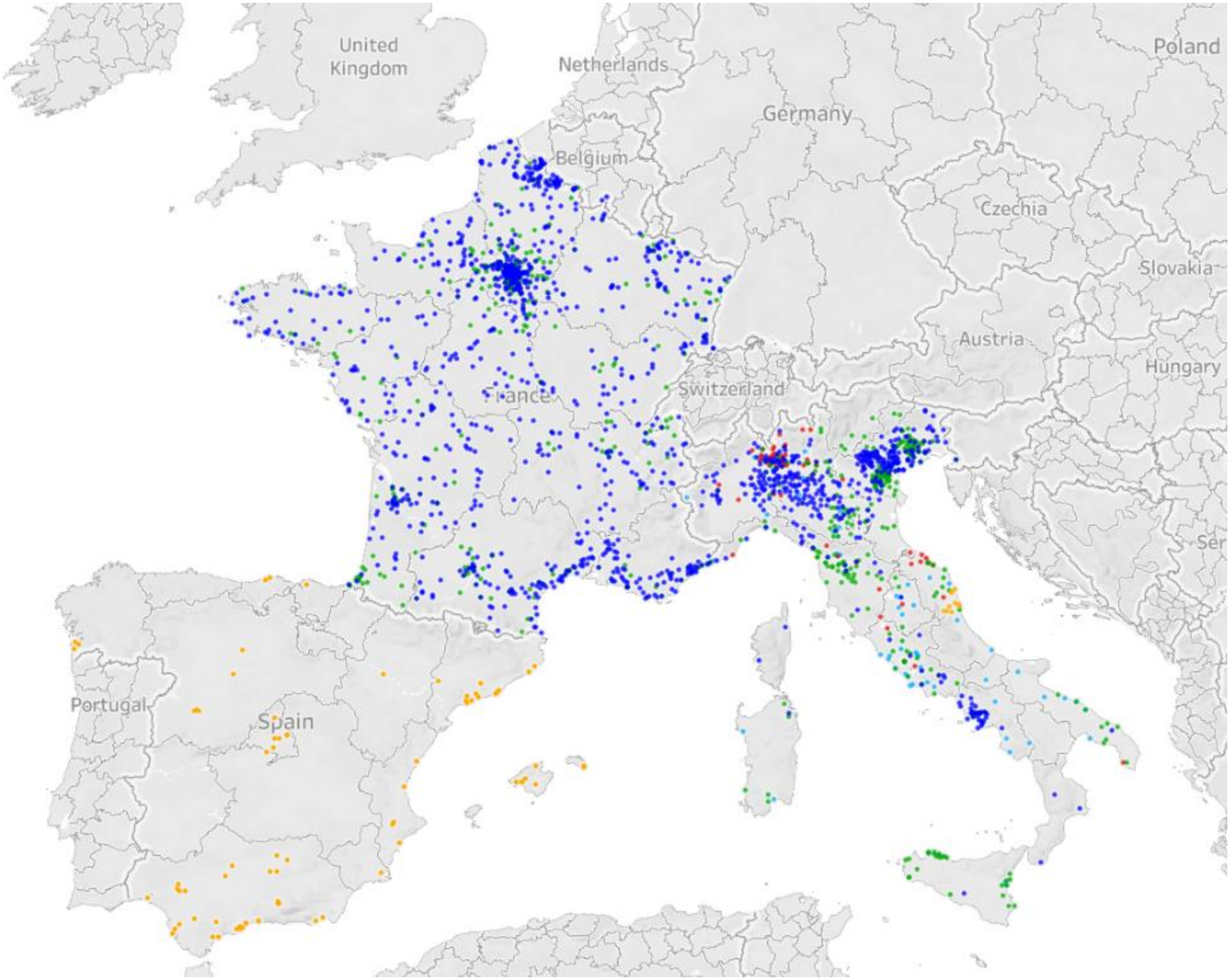
>30% share of group portfolio investments

Creation of One Secured technology platform

Book value **x2**

2021 - 2023

Map of real estate collaterals



~8,700	Number of collateralized claims acquired
3	Countries
~80%	Residential real estate or similar
21 assets	in REOco

Acquisition year

- 2016
- 2017
- 2018
- 2019
- 2020

French market entry – develop once and replicate

Opportunity to build a leader in the French market

FitchRatings

Strong servicing capabilities
Fitch rating®: Residential Special Servicer 2

Extensive datasets and proprietary valuation models

Ability to manage large and complex transactions

Replicable operating model for new markets

Strategy for continued growth

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New market entry

Develop top asset management capabilities with the best expertise and talent in the market

Benefits:
Growth
Increase cost-synergies

Book value to double

Partnerships

Develop servicing third-party servicing and co-investment

Benefits:
Capital light revenues

10-15% Servicing

One technology platform

Single approach to new systems, data and revaluation models, due diligence software and reporting.

Benefits:
Increase productivity
Collection performance

Improve efficiency

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Retail Banking
Business line

SEK ~750m	Performing loans
4	Markets
SEK ~18bn	Deposits
>25 years	Customer data
Performing loans	Mortgages and consumer loans
18	FTEs[1]

1. Including HoistSpar and sustainability

Klaudia and Julia, Wroclaw

With our banking platform and key capabilities we can develop our customer support

From debt...

Data for pricing and valuation

...to customer orientation

Data for understanding customer behaviour

Banking Platform

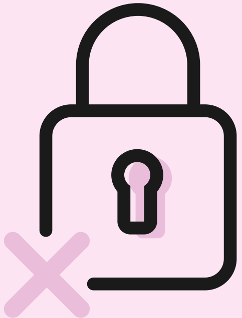
New opportunities

Support customers back to financial inclusion

- » Customer know-how
- » Customer relationship
- » Infrastructure
- » Data and technology

- » Consolidation/ refinancing
- » Banking products
- » Tailored support

Clear potential identified in targeting the financially excluded

Current customers	Underserved people	Financially healthy
		
Non-performing customers	**The financially excluded** Limited opportunities to receive credit from traditional banks as bad credit records may remain up to 6 years after NPL is repaid	**The financially included**

Non-performing debts repaid in full →

Payment remarks disappearing from record →

TIME →

All product areas can deliver significant value to the core business

Current customers

- Budgeting
- Job support
- Utility bill switching
- Benefit checker

Supporting facts: 75% of customers in Poland are interested in receiving **help from Hoist** (e.g., budgeting, job support)

Underserved people

- Complementary banking products
- Debt consolidation/ refinancing
- Refer back to universal banks
- Portfolio acquisitions from exiting banks

Supporting facts: 60% of France customers would be interested in receiving **financial help** once the debt is paid off

Key building blocks

- Performing loans
- Deposit funding
- Credit risk modelling
- Analytics
- Data sourcing

Supporting facts: Large global market appetite for risk analytics and business intelligence

And we can bring more value to our customers

To repay the loan I took before I got sick and lost my job, I need help in identifying the benefits I am entitled to.

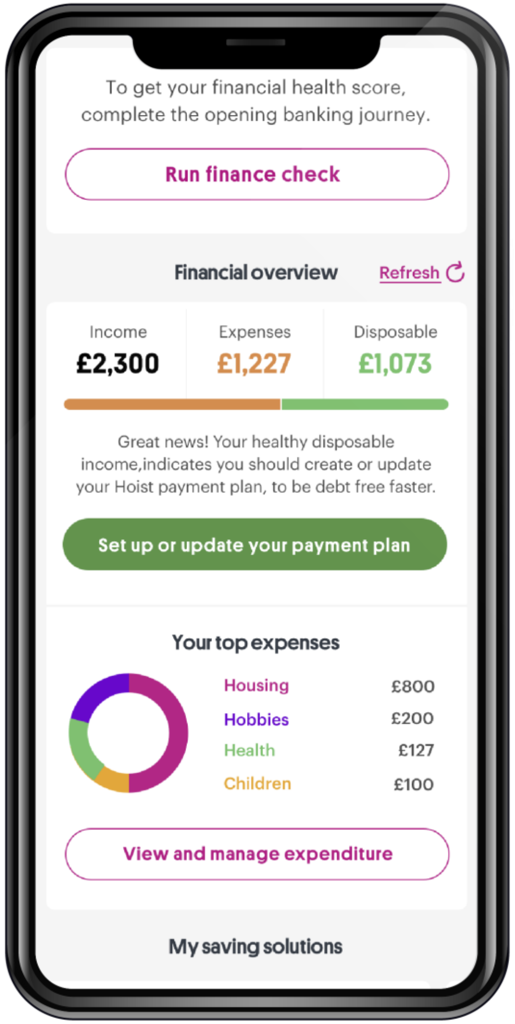
- Maria

I need a loan to repair my car, but even though I have repaid my debt, I still have a payment credit remark.

- Henry

One of my problems is that I have irregular income. Furthermore I have debts with several different lenders.

- Béatrice



Strategy for continued growth 2023

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Consolidate/ Refinance

One partner
for our customers

Increase incentive to pay

Customer loyalty

Extended Products and Services

Support people
to financial inclusion

Customer loyalty

Loan Acquisitions

Lower cost of servicing

Platform synergies

Agility to enter
new countries

Hoist Spar Expansion

Diversified funding sources

Lower funding cost

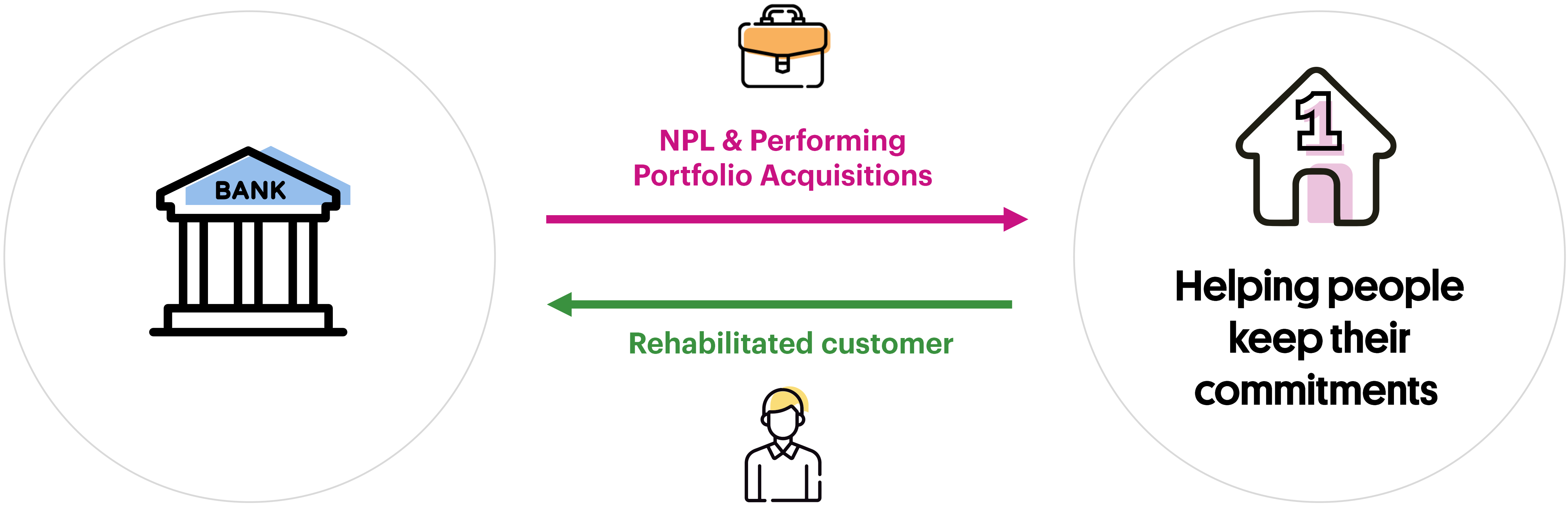
Capital efficiency

Book value to grow five times

Diversified and robust balance sheet

Increase customer satisfaction

Hoist Finance helps people back to financial inclusion



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Perfectly placed to capitalise on market growth

- **Standardised** market practice for build once and deploy strategy
- **Group strategy**, strong country teams, **local execution**
- **Seamless integration** from origination to onboarding
- **Building knowledge** and creating intellectual property
- **80% coverage** of opportunities in our core markets

One Hoist transformation and harmonisation

2018

- » Fragmented footprint in multiple countries
- » Ad-hoc systems with little commonality
- » Locally driven strategies not building on experience of others
- » Lack of local tools and technology for decisive execution

2019 - 2020

Launched Centres of Excellence
- Unsecured
- Secured
- Performing

Defined best practice
- Data sharing
- Scorecards
- Portfolio onboarding

Asset diversification in major markets

FitchRatings

Fitch Ratings achieved in Italy, France and Germany

Collaboration and harmonisation
- 80% Commonality
- 20% Local uniqueness

One Hoist centralised functions
- Finance
- Back office
- Support functions

2021 - 2023

- » Continued harmonisation across markets
- » Delivering on our digital ambitions
- » Forming local partnerships to deliver our sustainability goals
- » Frontrunner in financial inclusion
- » Top 3 in strategic markets

Leveraging skills and scale gained through One Hoist

Market execution model

Realising best practice

- Strategy
- Digital
- Technology
- Central support functions

Leadership

Local market expertise focused on building relationships, diversifying asset base and growing the business.

Operations

A specialist operation focused on meeting the diverse and complex needs of our customers.

Data

How we use it, how we share it, how we integrate it

Realising efficiencies

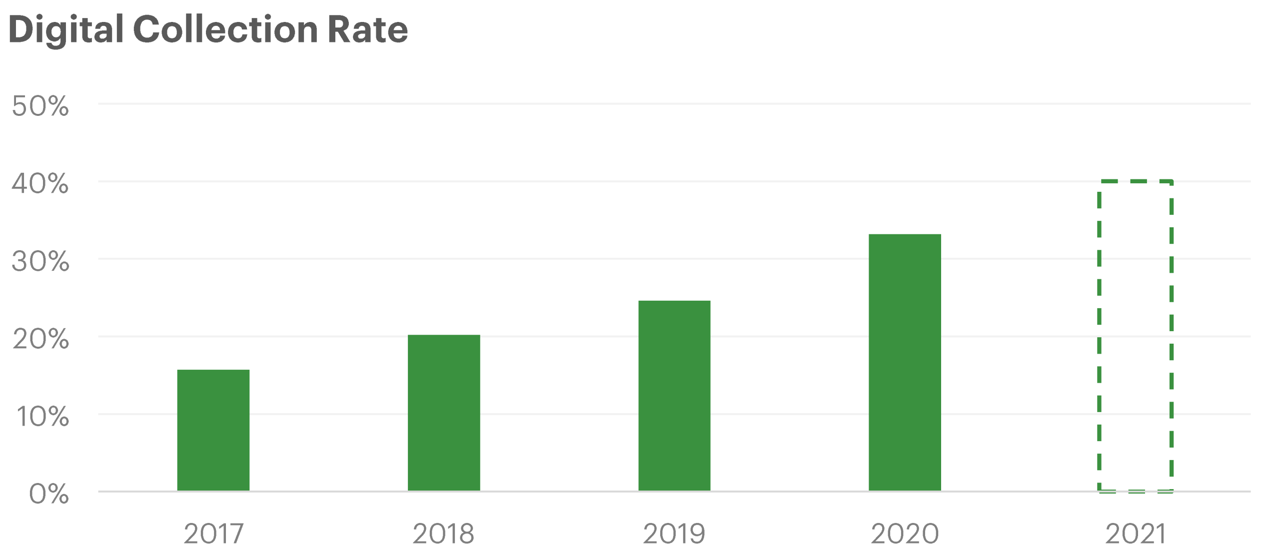
- Operations shared service centre
- Support function shared service centre
- Outsourced IT Infrastructure

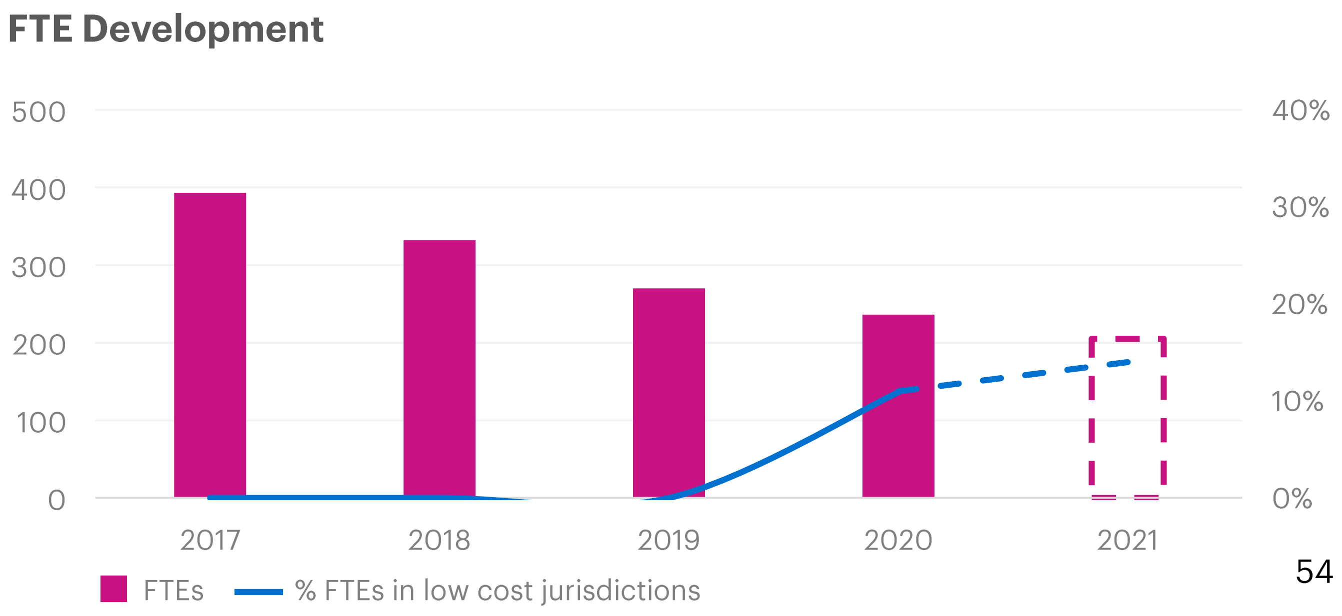
UK leading the way

>2x growth in digital collections

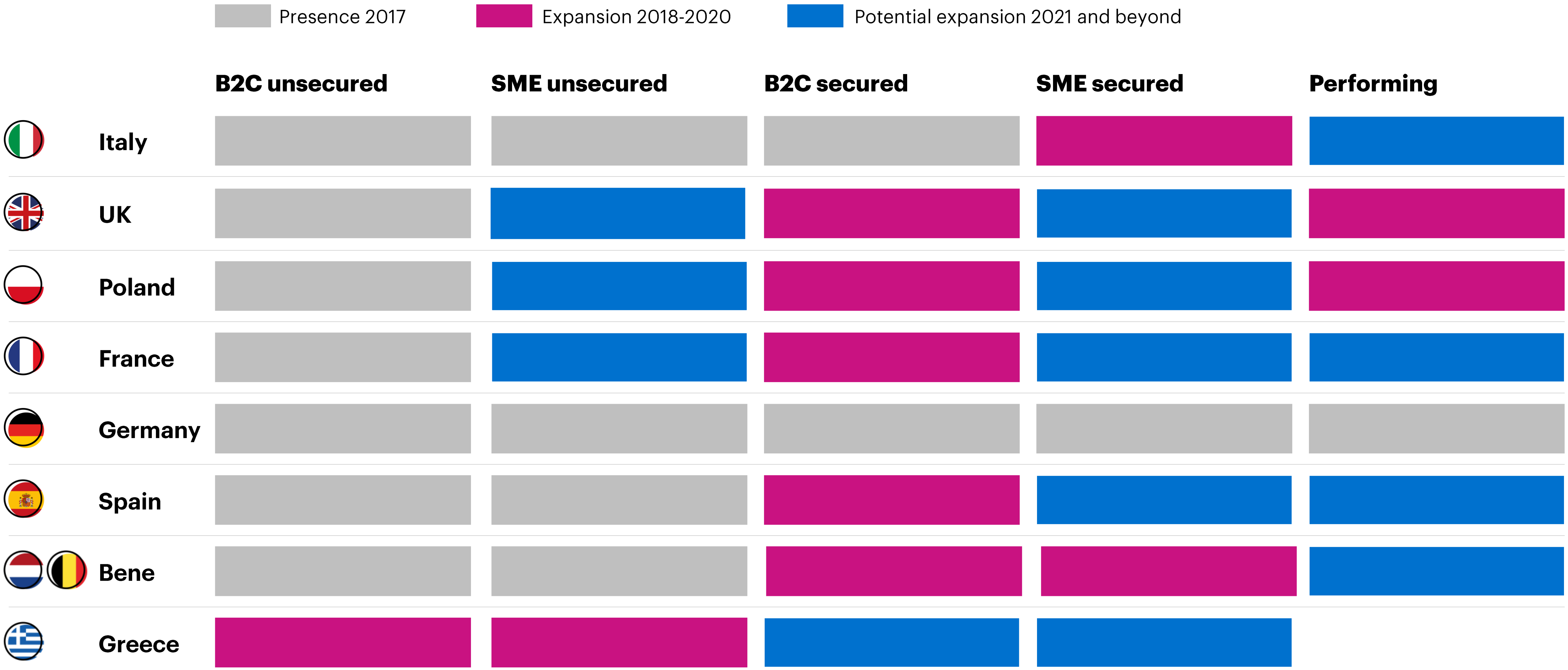
~40% reduction in overall FTEs

~10% of FTEs in low cost jurisdictions





Asset class diversification



France

Assets	Presence
» Unsecured NPLs » Secured NPLs	» SEK 3.3bn ERC » SEK ~19bn AuM » ~780k customers » 134 FTEs[1]

Opportunities

- » Largest NPL stock in Europe
- » **SEK 18.2bn** Secured NPL and performing secured spot sales
- » **SEK 12.1bn** Unsecured NPL and performing spot sales
- » Fueled by the back stop regulation, sellers are increasingly seeking partners for fresh unsecured claims forward flows

>SEK 30bn

Of pipeline identified for sale in 2021 to-date

19%

Stock for sale average increase per annum since 2017

NPL growth

Post-Covid NPL volume est. at SEK 3.4trn (6.9% NPL ratio)

1. Total FTEs including low cost jurisdiction

SOURCE: NPL Markets 2020. Forecasting NPL ratios after COVID-19. FX rate Jan-2021.

Italy

Assets:	**Presence:**
» Unsecured NPLs » Secured NPLs	» SEK 7.8bn ERC » SEK ~79bn AuM » ~600k customers » 436 FTEs[1]

Opportunities:

- » Unsecured (Consumer and SME) Portfolios are expected to represent the greatest portion of the NPL transactions
- » Bank mergers and consolidation expected in 2021
- » “Secondary Market” is expected to represent ~30% of the NPL transactions in 2021

SEK 302-403bn

Transaction volumes expected in 2021

SEK 1.2trn

Total non-performing exposure of Italian banks at the end of 2020. A notable increase in new flows is expected in 2021

NPL growth

Post-Covid NPL volume est. at SEK 3.1trn (17.6% NPL ratio)

1. Total FTEs including low cost jurisdiction

SOURCE: NPL Markets 2020. Forecasting NPL ratios after COVID-19. FX rate Jan-2021.

United Kingdom

Assets:	Presence:
» Unsecured NPLs	» SEK 8bn ERC
» Performing secured	» SEK ~53bn AuM
» Performing unsecured	» ~1.6m customers
	» 236 FTEs[1]

Opportunities:

- » A highly regulated, mature and competitive market with high barriers to entry
- » **SEK 90bn+** Long term (>3 year) forward flow engagements for Consumer Unsecured assets
- » **SEK 339bn+** Secured Performing secondary sale market consisting of UK mortgage 1st and 2nd charge Residential and SME transactions

1. Total FTEs including low cost jurisdiction

SOURCE: NPL Markets 2020. Forecasting NPL ratios after COVID-19. FX rate Jan-2021.

SEK 36.2bn

Unsecured consumer portfolios identified for sale in 2021 to-date

SEK 9-11.3bn

Total industry investment in consumer unsecured portfolios per annum

NPL growth

Post-Covid NPL volume est. at SEK 2.3trn (3.7% NPL ratio)

Poland

Hoist Finance

Assets:	**Presence:**
» Unsecured NPLs	» SEK 5.4bn ERC
» Secured NPLs	» SEK ~21bn AuM
» Performing secured	» ~1m customers
	» 251 FTEs[1]

Opportunities:

- » 2020 closed strongly in supply of unsecured retail portfolios topping in prior years
- » 2021 NPL levels expected to mirror 2019
- » Significant NPL supply expected end 2021

SEK 13.4bn
Expected GBV of unsecured consumer portfolios identified for sale in 2021

SEK 2.9-4.0bn
Total industry NPL investment per annum

NPL growth
Post-Covid NPL volume est. at SEK 70bn (5.0% NPL ratio)

1. Total FTEs including low cost jurisdiction
SOURCE: NPL Markets 2020. Forecasting NPL ratios after COVID-19. FX rate Jan-2021.

Germany

Assets:	Presence:
» Unsecured NPLs	» SEK 4.2bn ERC
» Secured NPLs	» SEK ~108bn AuM
» Performing secured	» ~500k customers
	» 192 FTEs[1]

Opportunities:

- » Increase in forward flow contracts expected throughout 2021
- » **SEK >605m** catch up effects of unsecured consumer spot sales from 2020 expected in 2021
- » **SEK ~20bn** secured & unsecured Performing loan sales expected

SEK 1trn
Estimated NPL exposure in 2023

SEK >5bn
NPL banking stock identified for sale in 2021

NPL growth
Post-Covid NPL volume est. at SEK 800bn (3.3% NPL ratio)

1. Total FTEs including low cost jurisdiction
SOURCE: NPL Markets 2020. Forecasting NPL ratios after COVID-19. FX rate Jan-2021.

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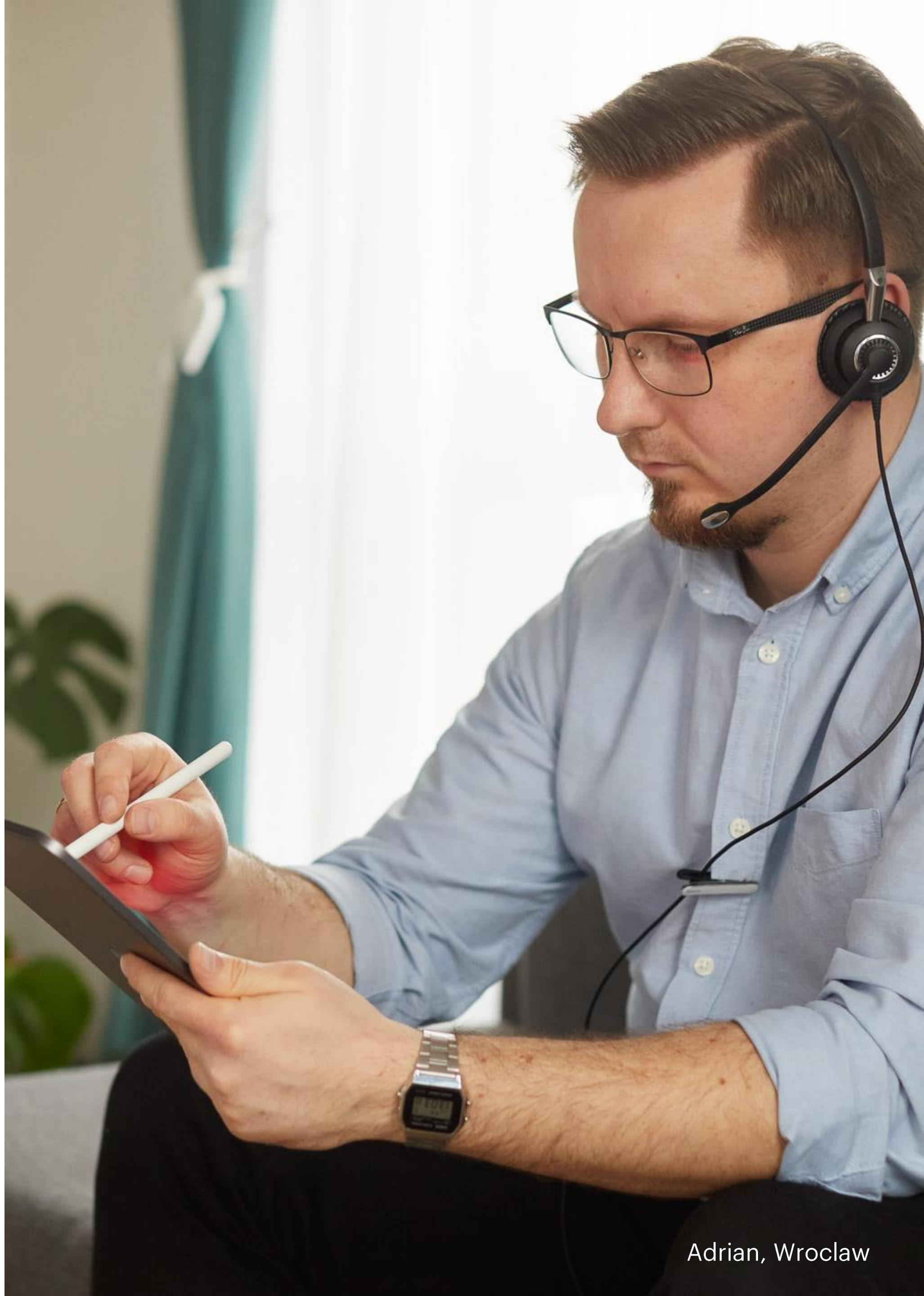
The big picture from an investment perspective

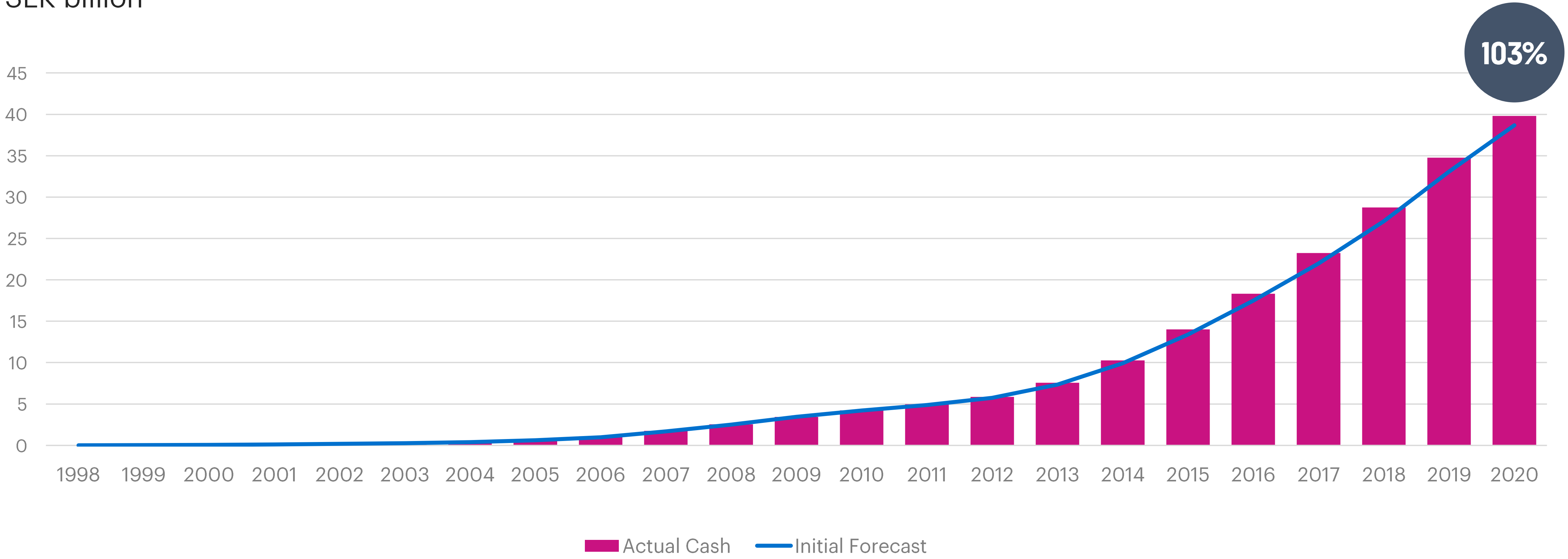
- Long and **strong track record**, with resilient performance in time of crisis
- **Lowest funding cost** in industry, with funding advantage expected to increase even further
- **Diversified growth** via continued expansion into new asset classes
- **Securitisation solution** to address regulatory challenges, and IRB to provide further upside
- In pole position for **market opportunity** with growing volume and returns



Adrian, Wroclaw

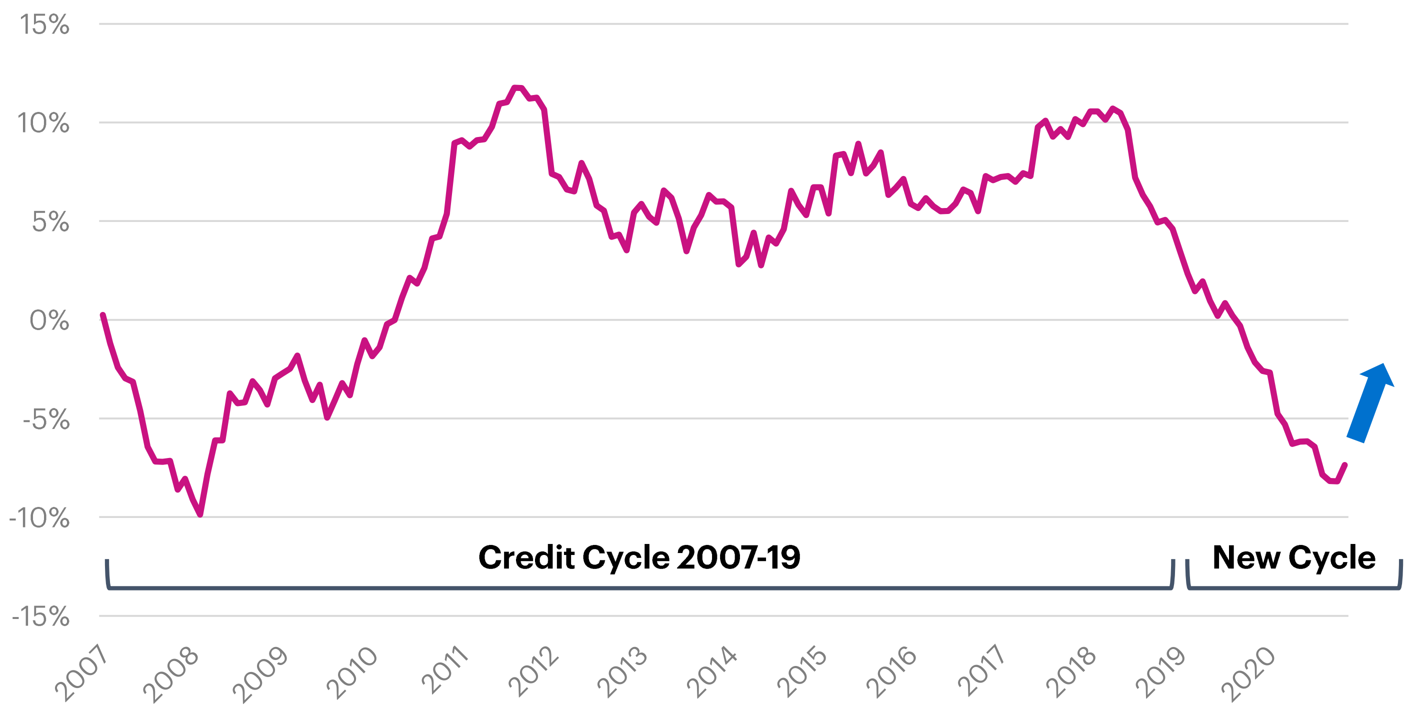
Our track record of forecasting collections is strong

Annual actual cash vs. initial forecast, cumulative, secured & unsecured
SEK billion



Our book has proven to be resilient in times of crisis

Hoist Finance NPL book since 2007
Cash collections as % of initial forecast 2007-2020



- Collections performance since 2007 demonstrates resilience in times of macroeconomic distress
- After the global financial crisis of 2008, performance bounced back quickly and strongly
- Following the Covid-19 pandemic, expect rebound similar to 2009, as new credit cycle commences

Growth slowed in 2020, but backlog is building up

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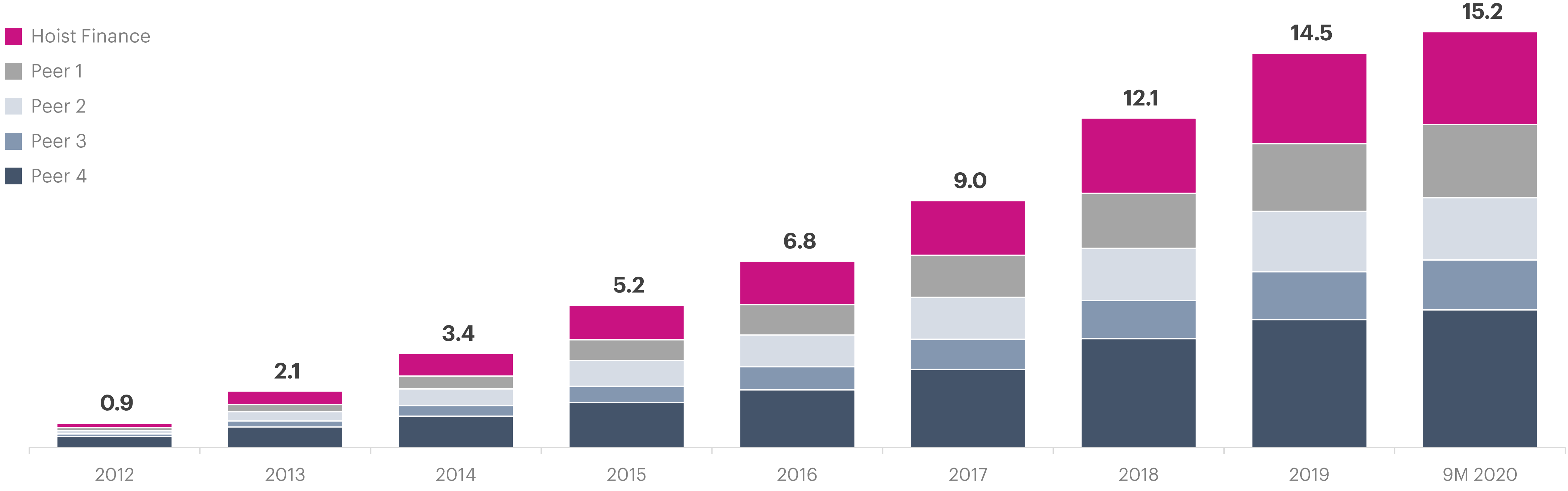
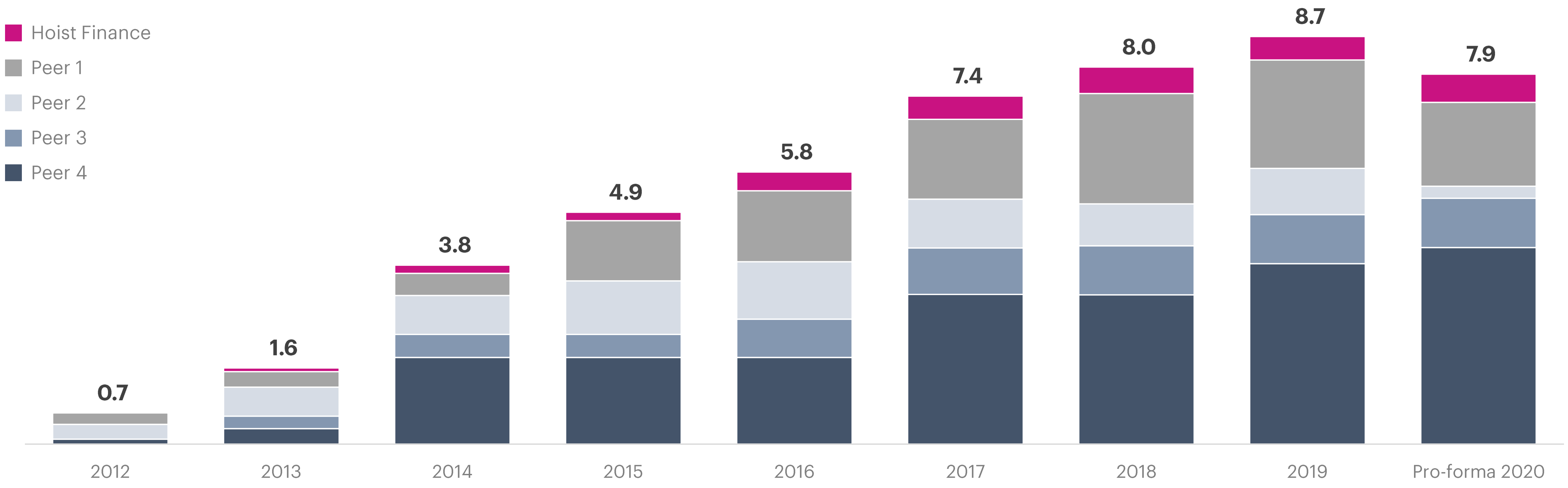
Cumulative purchase price of acquired debt portfolios
EUR billion



Note: Annual purchases converted at average exchange rate for respective year
SOURCE: Financial reports

Our industry is largely financed with bonds

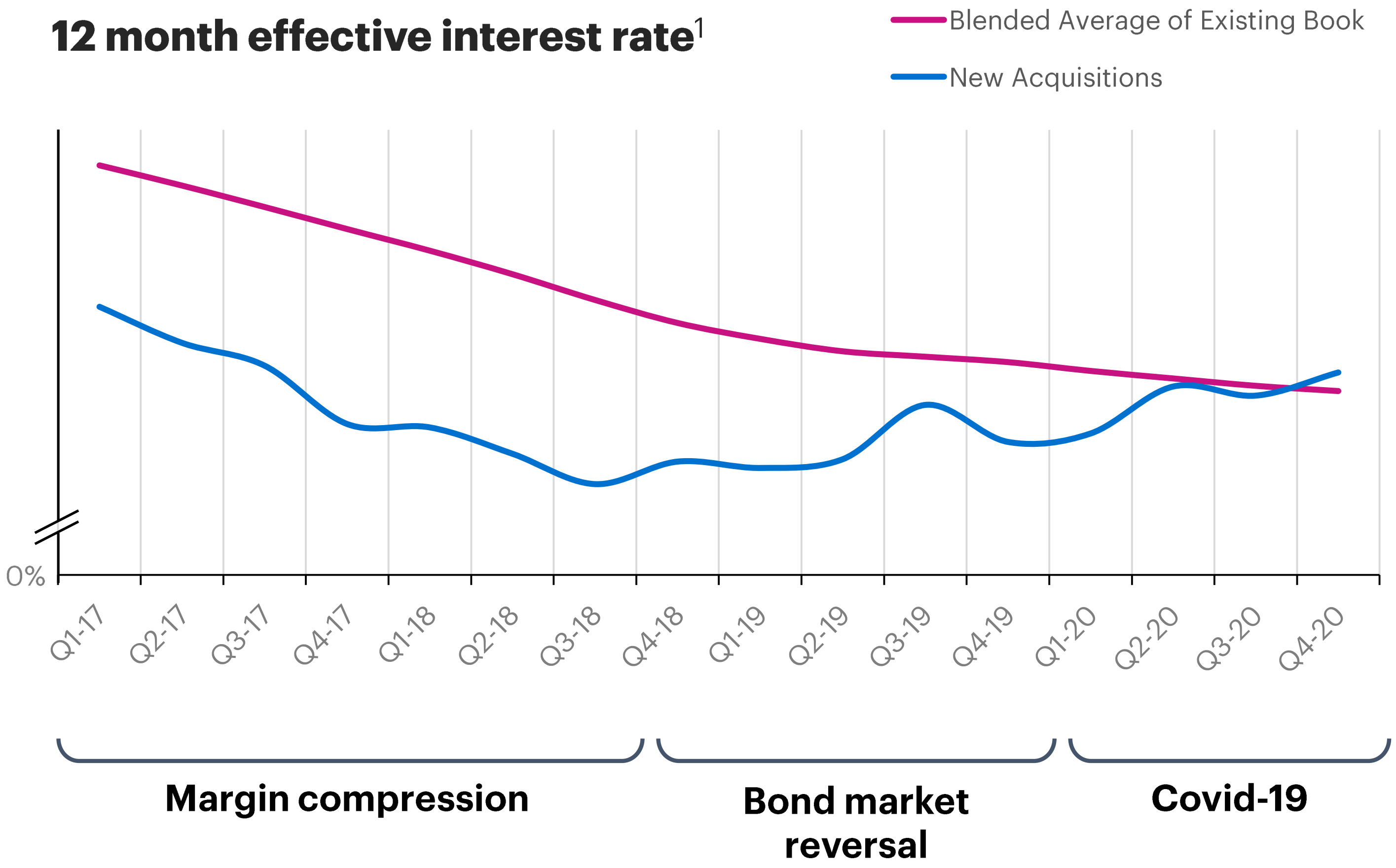
Outstanding bond issues
EUR billion



Note: Bonds, net of repurchases. Annual issues converted at average exchange rate for respective year
SOURCE: Company data

The cycle is turning and margins are increasing

12 month effective interest rate[1]

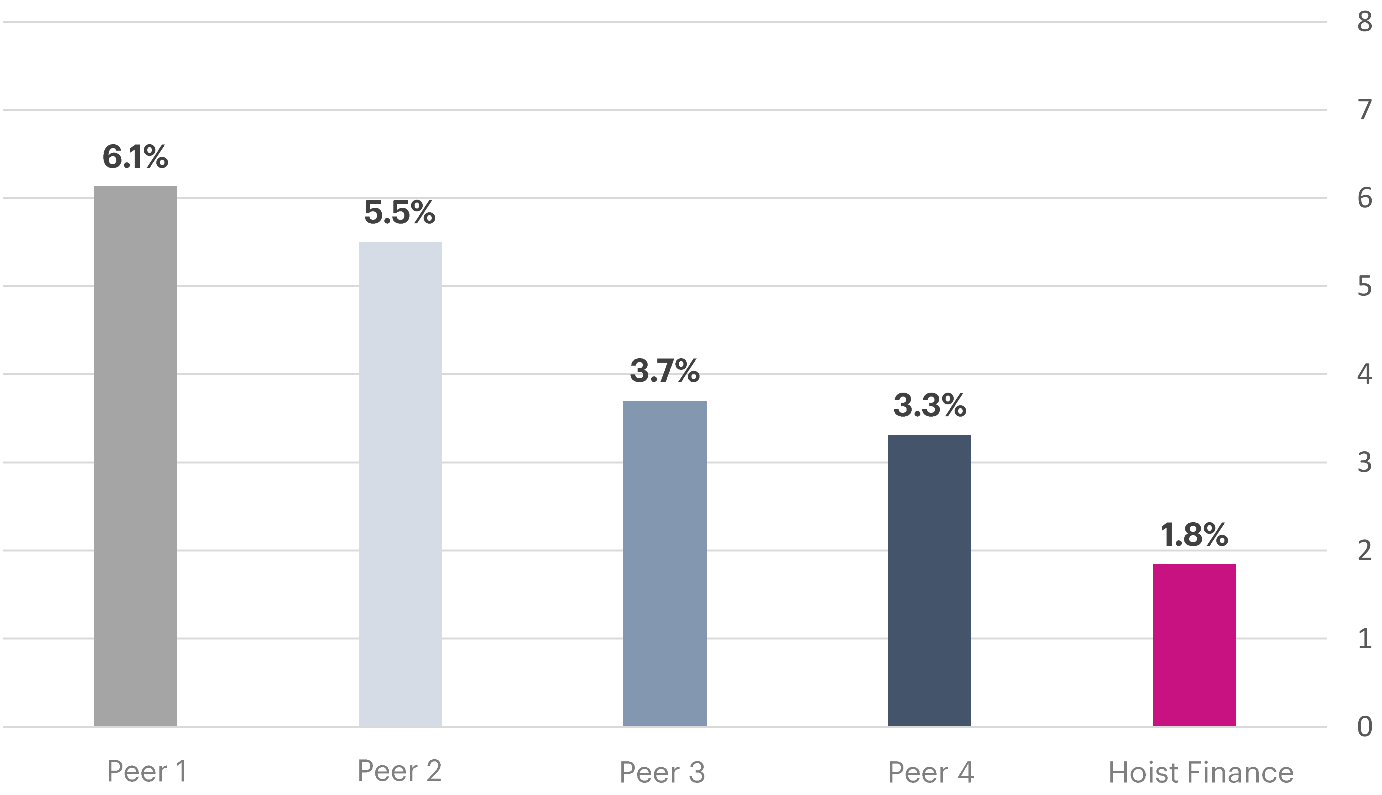


1. LTM (last twelve months) weighted average effective interest rate, EIR (gross IRR), non-performing loans

- Until 2018: Continuously lower funding costs in bond market led to significant IRR compression as market players strived for continuous growth
- 2019: Trend in the bond markets starts to reverse with focus shifting toward leverage reduction
- 2020: Covid-19 crisis increases uncertainty and drove spread widening, which ultimately will get passed on to sellers in the form of increased return requirements

Lowest cost of funding in the industry

Weighted Average Cost of Debt (WACD)[1]
%

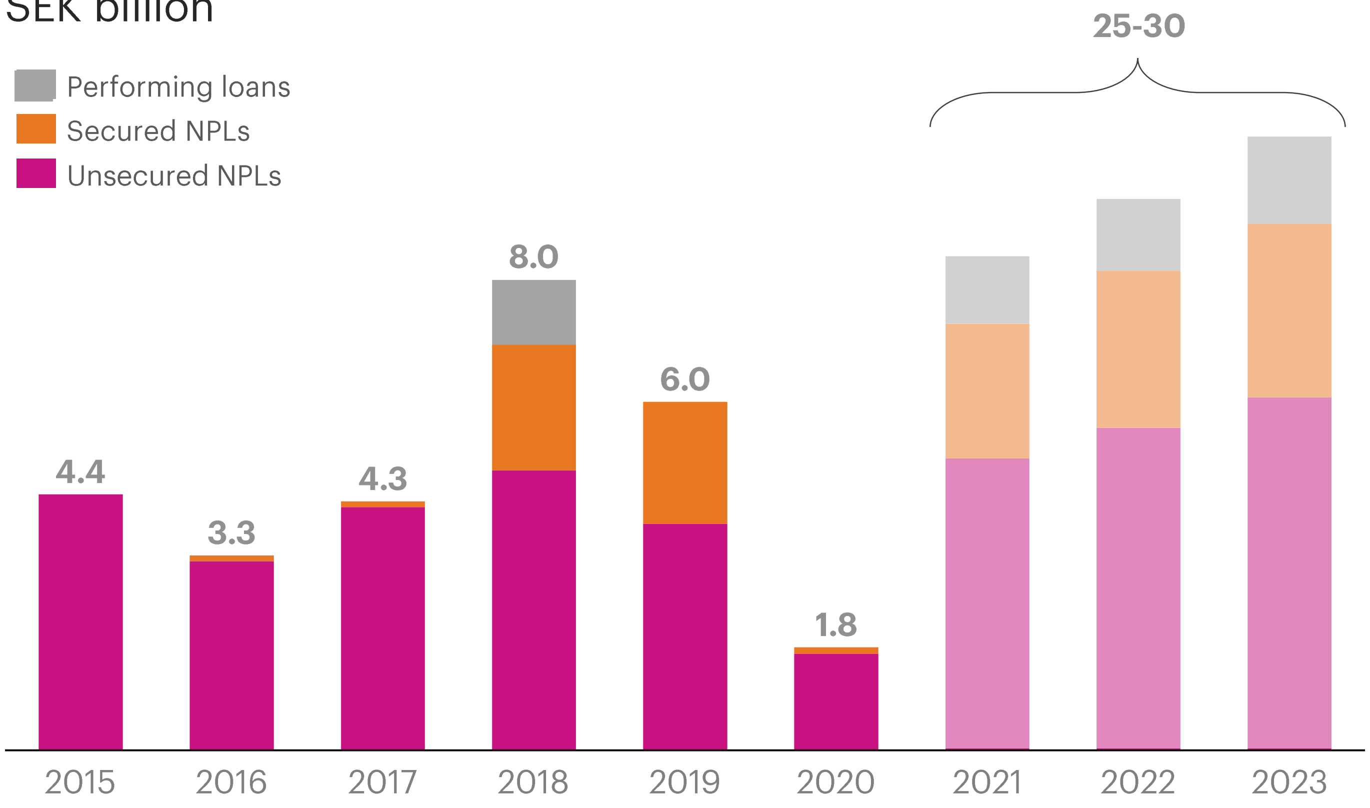


1. Q3 2020
SOURCE: Company data / Financial reports

- Funding mix also means we are less impacted by increases in bond funding spreads
- Expect our funding advantage to increase even further, as turn of cycle will lead to increased funding costs for our mainly bond funded peers

Continued diversification into new asset classes

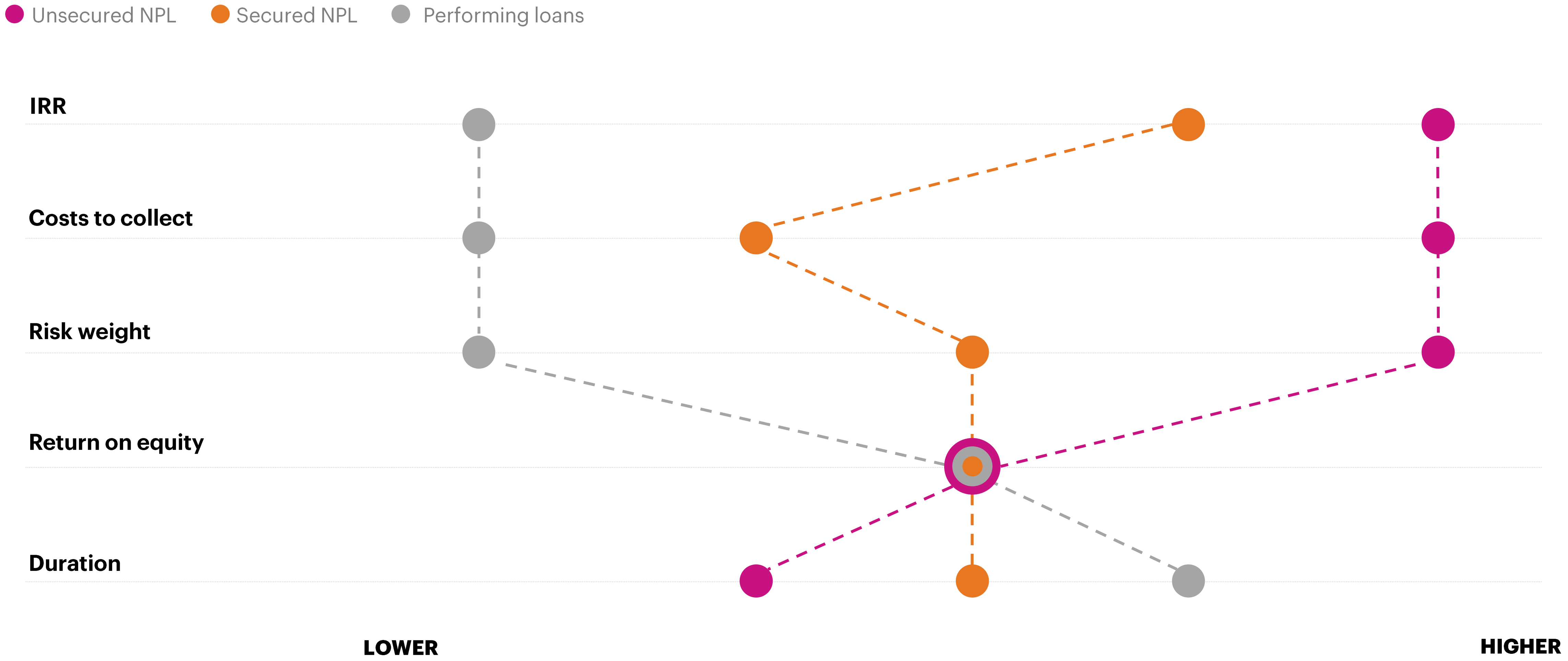
Annual acquisition volumes by asset class
SEK billion



- Start to diversify into secured NPL space in 2016
- 2018 and 2019 growth years for secured businesses in Italy and France
- Market activity slowed in 2020, due to the pandemic, but expect to continue growth of our new asset classes in 2021-23

Different asset classes with very different characteristics

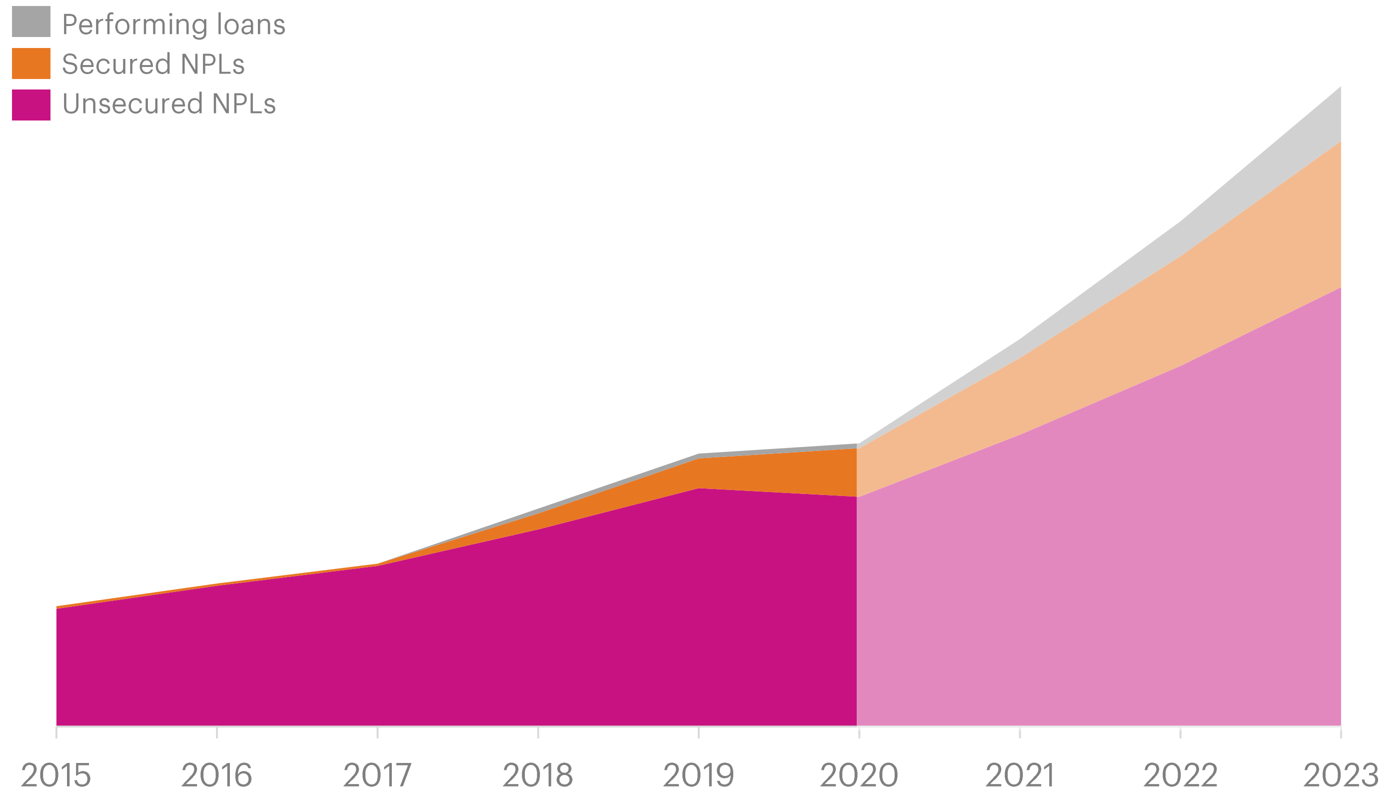
Asset characteristics



SOURCE: Internal and external benchmarking

Diversified book even more robust and profitable

Book value development



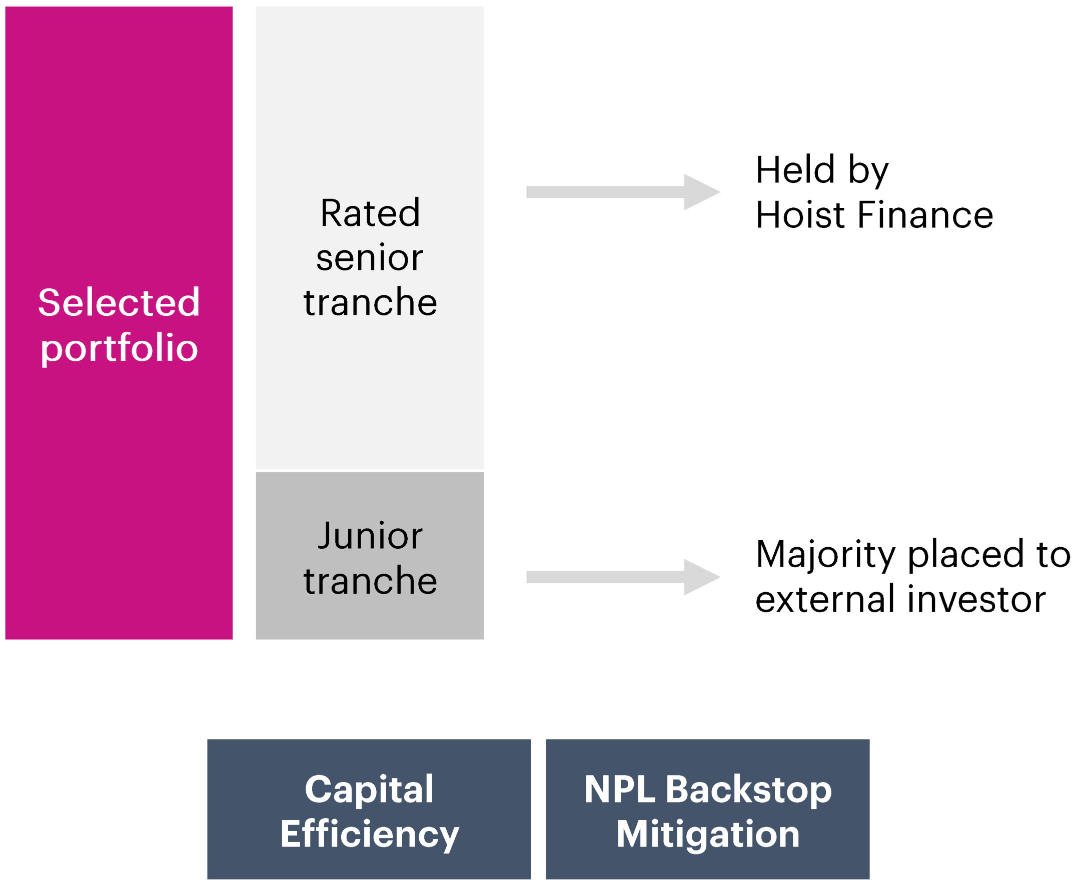
- Unsecured NPLs to remain a core part of our business
- Strong growth in secured NPL and performing asset classes to change the composition of our book
- Resulting increase in diversification to lead to more robust and even more profitable book

Securitisation as solution to regulatory challenges

First ever rated securitisation backed only by unsecured NPLs

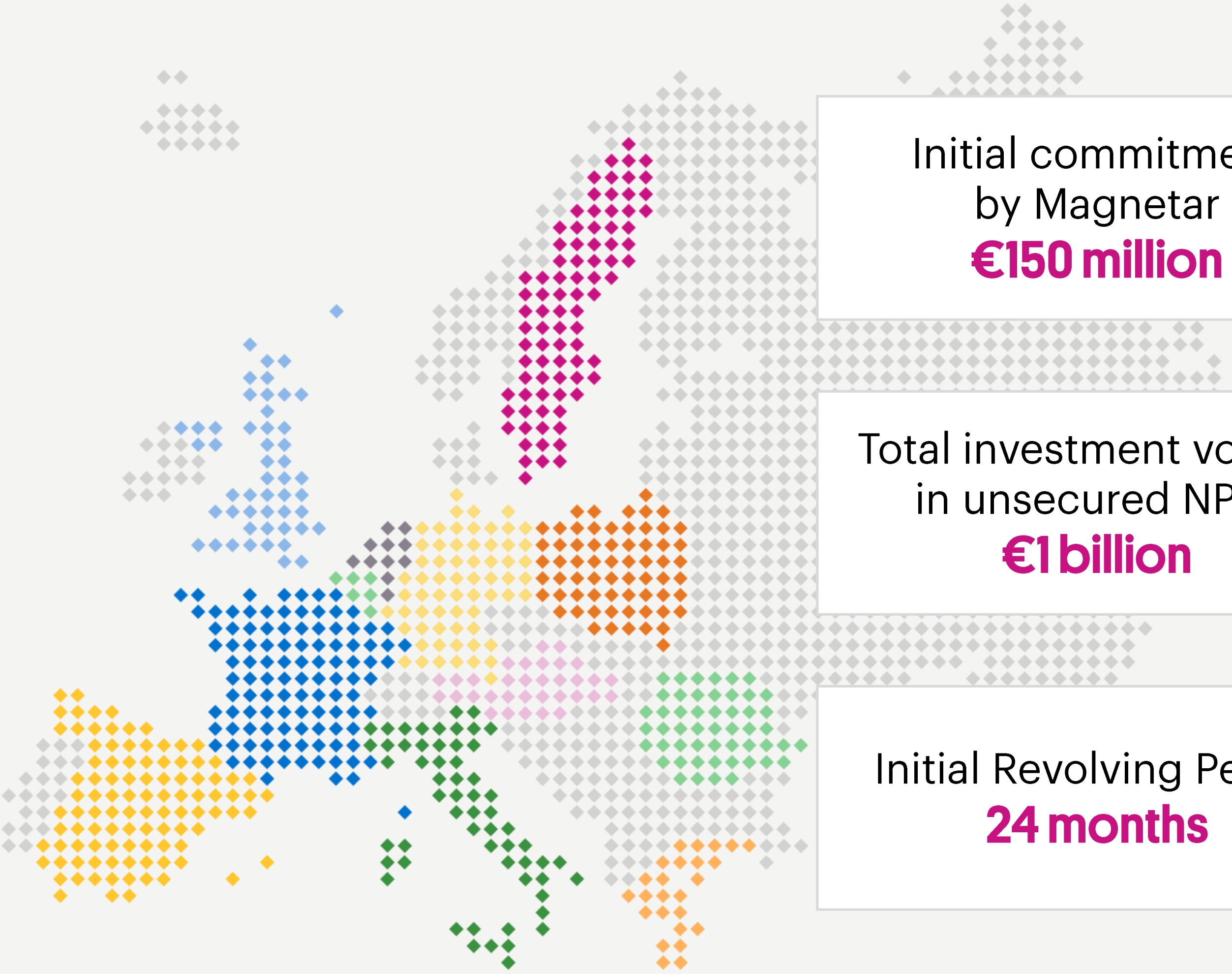
- Securitisation of Italian unsecured NPL back book to release capital in 2019
- First ever investment-grade rated deal involving solely unsecured NPLs
- €337m of Class A, B and J Notes, backed by €5.0bn unsecured NPLs
- Trade released capital and provided proof of concept for future transactions
- Securitisation as preferred tool to mitigate regulatory challenges

Italian back-book securitisation



Pan-European securitisation partnership

- Partnership with Magnetar, a leading structured credit fund, to launch the next phase of the securitisation program
- Hoist Finance subscribe senior notes and Magnetar mezzanine and junior notes
- Initial investment period of 24 months with initial Magnetar commitment of €150 million
- Capacity to acquire up to €1 billion of unsecured NPL across all our jurisdictions

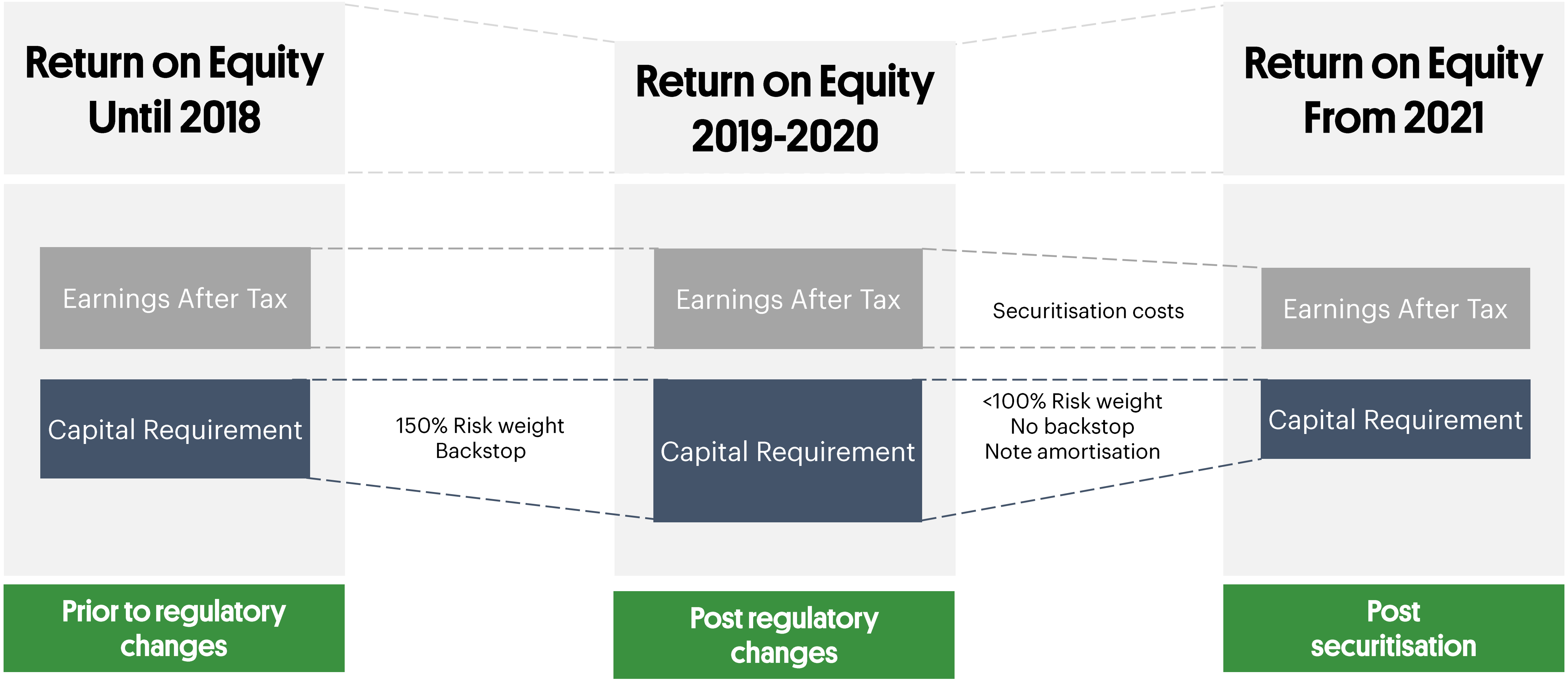


Initial commitment by Magnetar
€150 million

Total investment volume in unsecured NPLs
€1 billion

Initial Revolving Period
24 months

Back to normal with securitisation



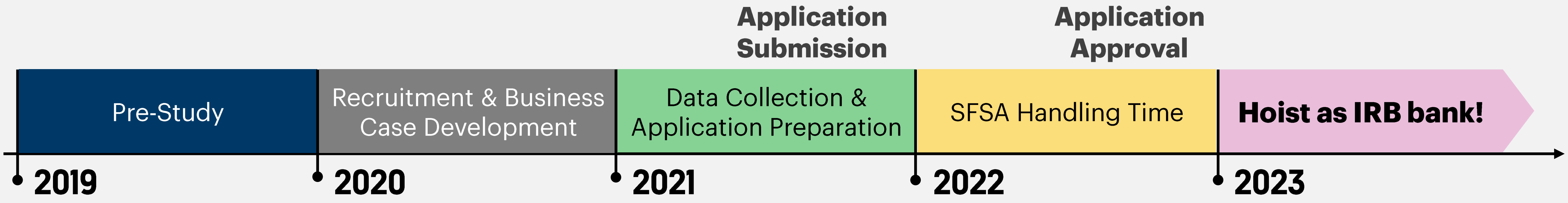
IRB program to further increase capital efficiency

Criteria

- » We have the largest NPL database amongst European banks (amount of data, length, quality and correlation)
- » Acquiring NPLs at a discount means significantly lower credit risk than standard approach
- » As a bank we have the required governance structures in place i.e. an independent risk function
- » Team of 8 experts drive the project on par with any large IRB bank

Benefits

- » **Expected risk weight reduction to below 100% for our back book**
- » **Immediate release of significant capital for redeployment to support our growth ambitions**
- » **Improved Risk Management and Governance**



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Key messages

» **Resilient performance through exceptional times**

» **We remain focused on value creation**

- Cost savings programme on track
- New business lines add execution focus

» **Funding and capital position which support growth**

Key messages

» **Resilient performance through exceptional times**

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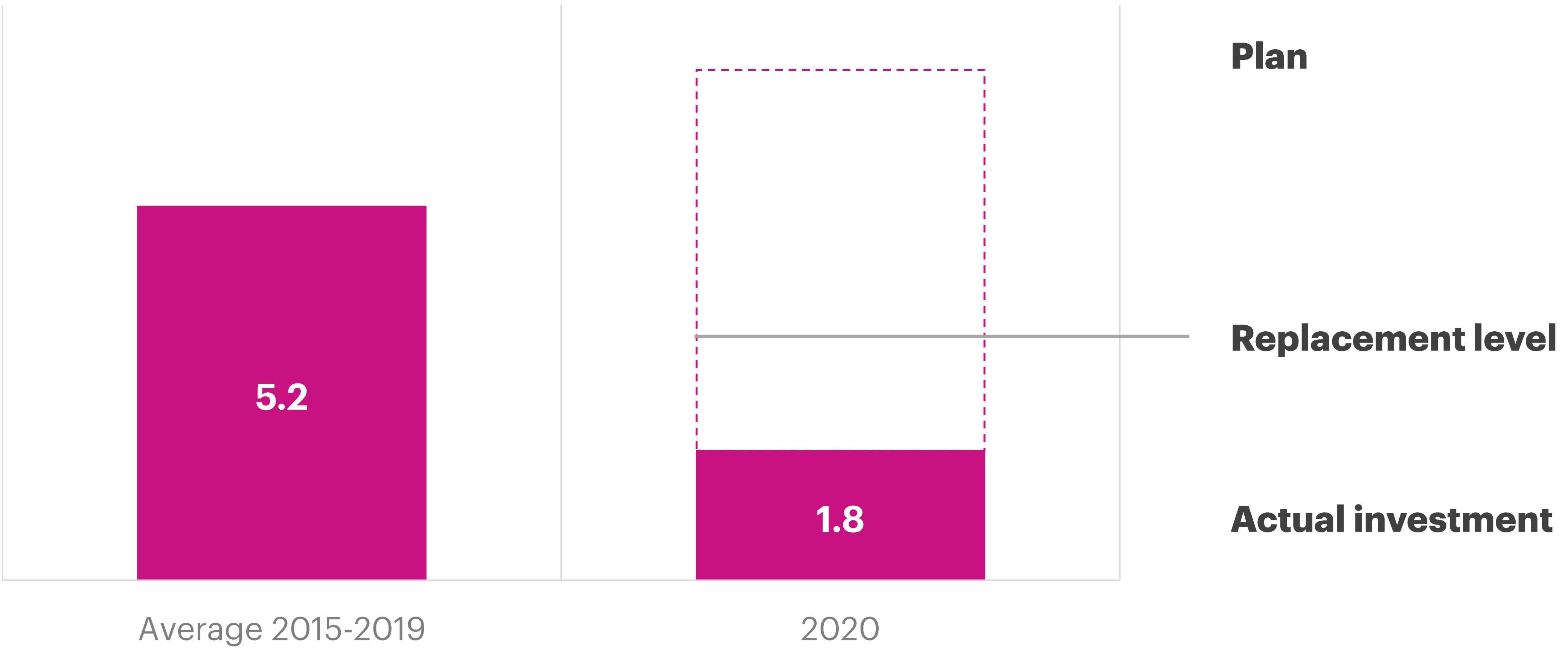
» **Funding and capital position which support growth**

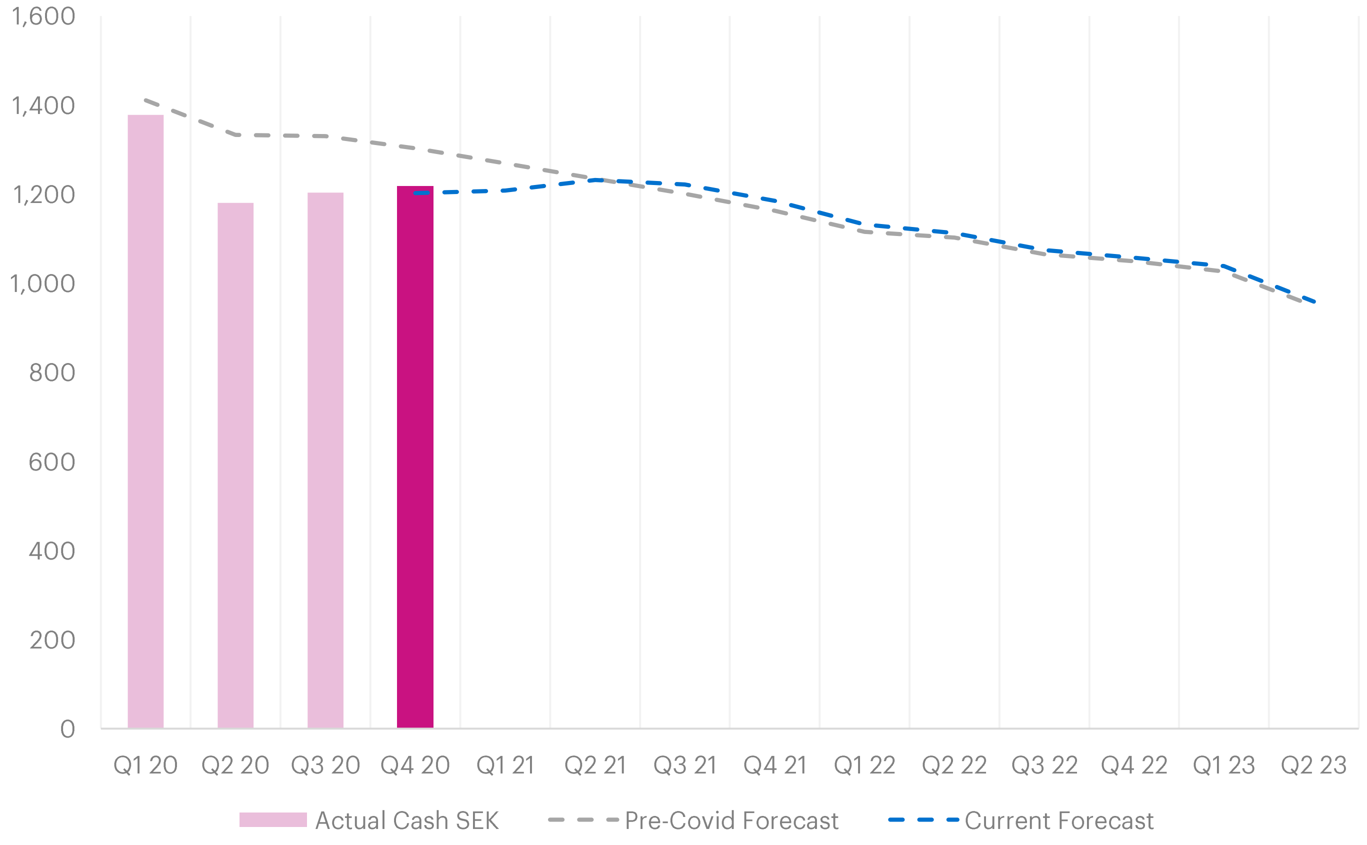
Investment volume significantly impacted by Covid-19

Portfolio acquisition, SEK billion



Resilient collection followed by recovery

SEK million



Note: Unsecured NPL collections
1. Portfolios acquired up to May 2020, at constant FX
2. Adjusted for remediation/warranty payments

Performance against active forecast, %

Q1: **98**
Q2: **91**
Q3: **103**
Q4: **103**

Performance against pre-Covid forecast, %

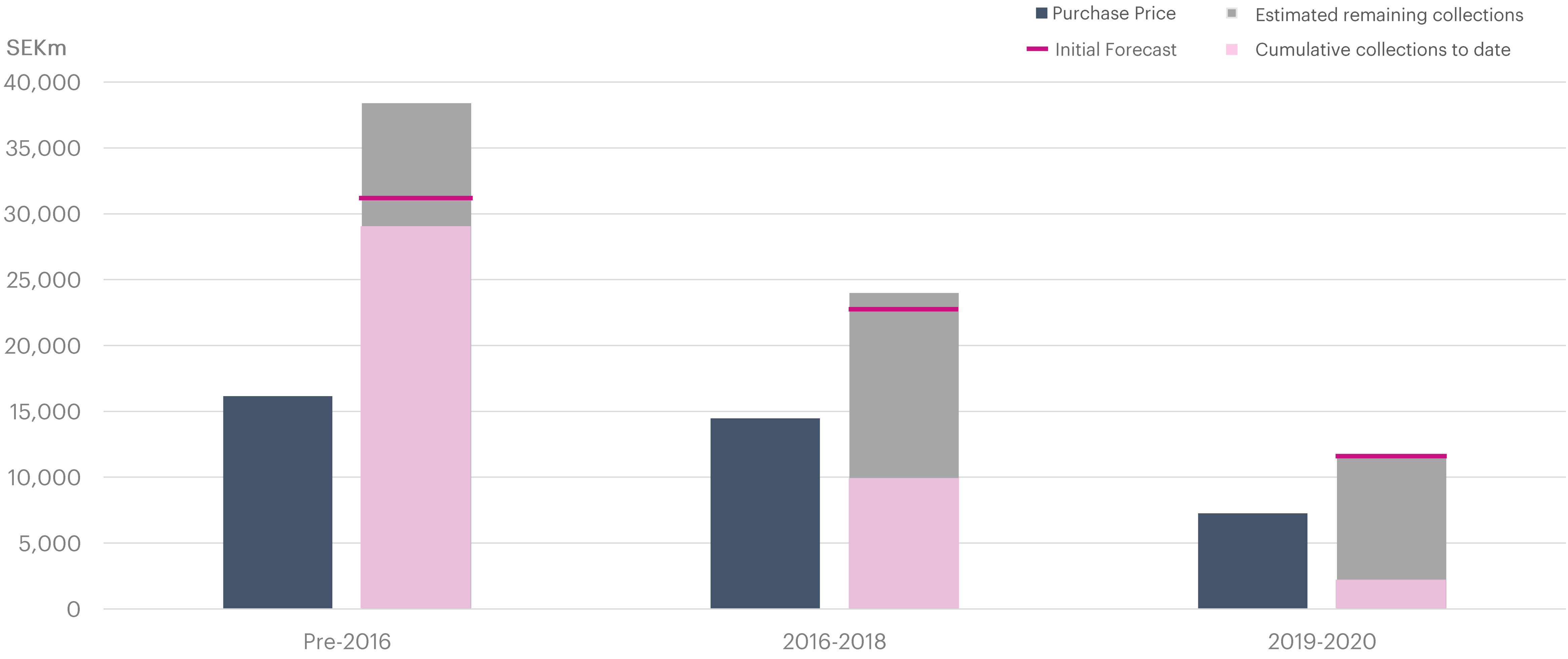
FY2020: **93**[1]

Portfolio Revaluation, in % of book value:

FY2020: **-1.5**[2]

Limited impact on life-time returns

NPL purchases and gross collections by vintage



Key messages

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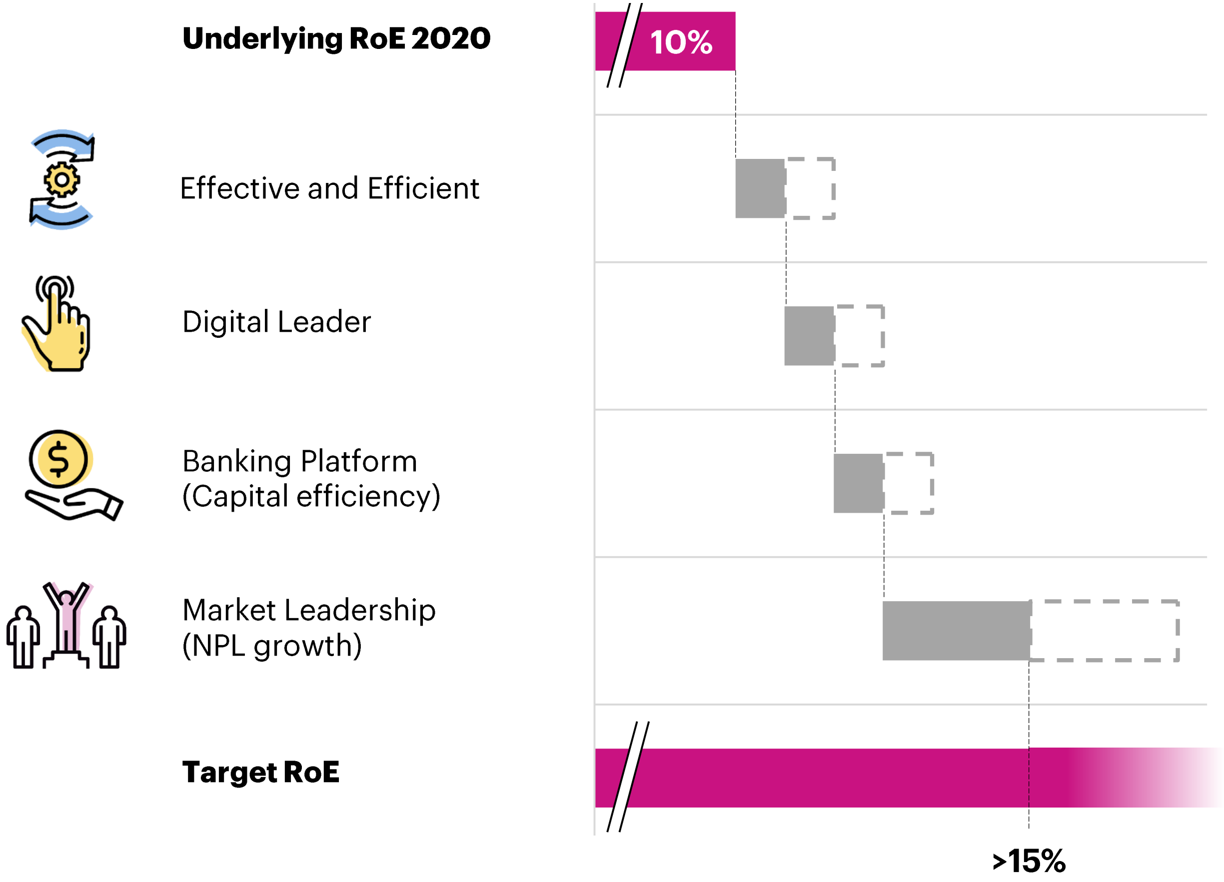
» **Funding and capital position which support growth**

Significant RoE-upside from operational leverage

RoE growth
%



Multiple ways to lift RoE by 1 percentage point

2.5%	cost reduction
1%	uplift in collection
2.5%	growth in loan book

Key messages

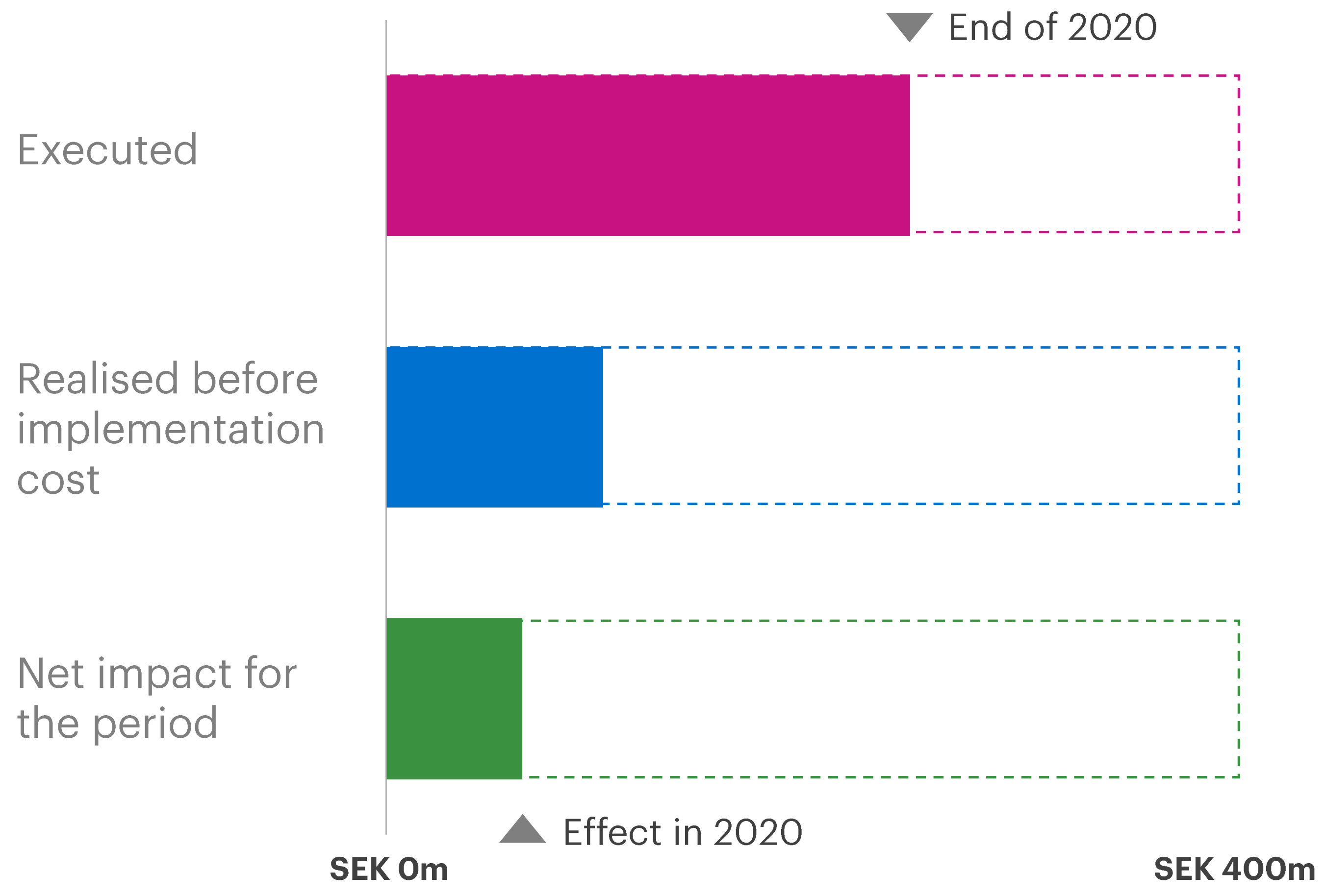
» Resilient performance through exceptional times

» **We remain focused on value creation**

- Cost savings programme on track
- New business lines add execution focus

» Funding and capital position which support growth

Cost savings programme on track to deliver SEK 400m by end of 2022



Example 1: Romania nearshoring

2020 ramp up from 0 to ~150 FTE

SEK 10m in implementation cost

- Setup cost
- Dual operations

Example 2: IT outsourcing

SEK 35m average saving p.a.

5-year contractual phase-in

SEK 20m in 2020 transition cost

Key messages

» Resilient performance through exceptional times

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- Cost savings programme on track
- New business lines add execution focus

» Funding and capital position which support growth

Organised in four business lines – for future value creation

SEK

	Secured	Digital	Contact Centre	Retail Banking
Current loan portfolio	**3.5bn**	**16.9bn**	**n/a**	**0.7bn**
FTE (direct[1])	**59**	**36**	**1,111**	**13**
2020 Income	**266m**	**1,865m**	**1,420m[2]**	**36m**
2020 Contribution after direct cost	**170m**	**471m[3]**	**331m**	**15m**
Value creation	**Growth**	1 **Self Serve**	**Efficiency**	2 **Asset Diversification**

1. FTE working within BL only – shared support functions not included
2. Primarily internal servicing fee
3. Direct cost including internal servicing fee

2023 potential – Self serve and performing loans

1

Increased digital collection rate from 20 to 35-40%

150-200 less FTEs

SEK 10-20m less admin costs

5-15% less office space

SEK 80-100m cost reduction p.a., by 2023 with revenue potential on top

2

Growth in performing loans from SEK 0.7 to 4bn

SEK 115m in new Revenue

SEK 40m new cost

SEK 20m in IT-investment

SEK 70m in additional contribution p.a. by 2023

Key messages

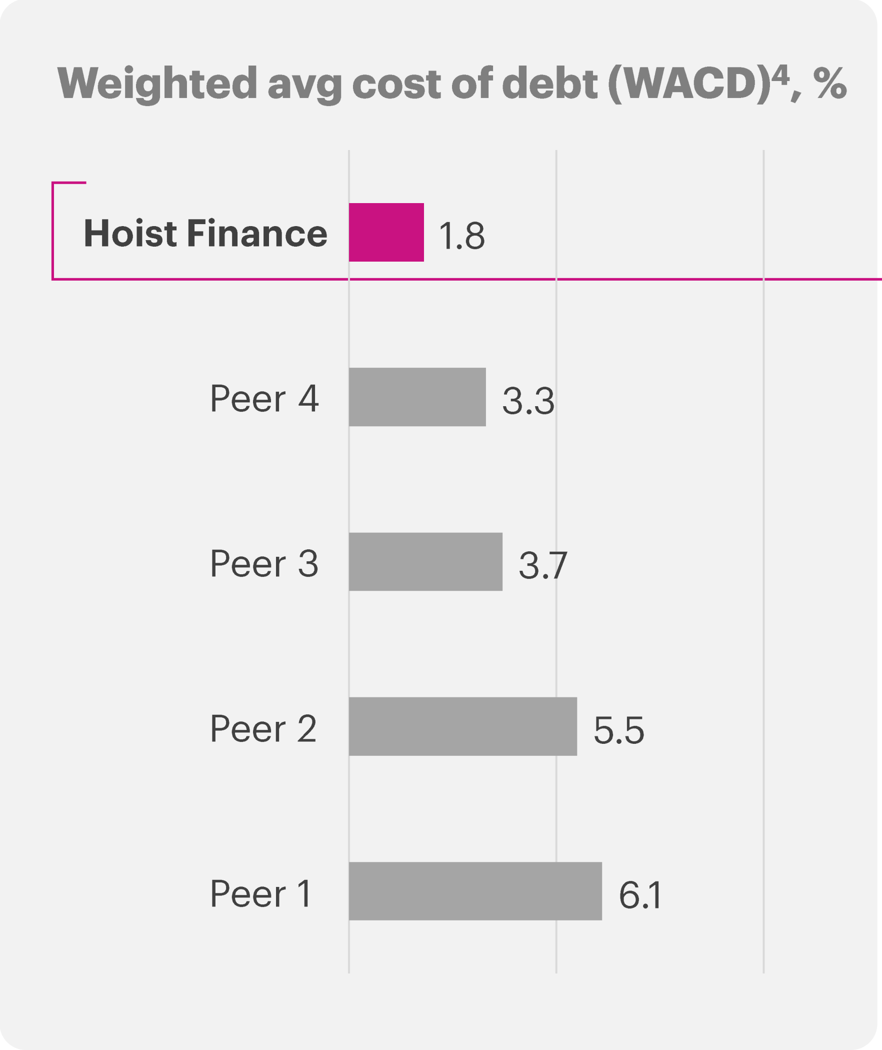
» **Resilient performance through exceptional times**

» **We remain focused on value creation**

- Cost savings programme on track
- New business lines add execution focus

» **Funding and capital position which support growth**

Competitive funding – today and tomorrow



Deposits[1]

Mix	Rate[2]	
SEK / EUR	**Overnight**	**Fixed (avg 1.67y)**
59% / 41%	0.5%	**1.4%**

Market funding[1], SEKbn

Senior unsec.	T2	Mezzanine[3]	AT1
6.0	0.8	0.4	1.1

Outlook

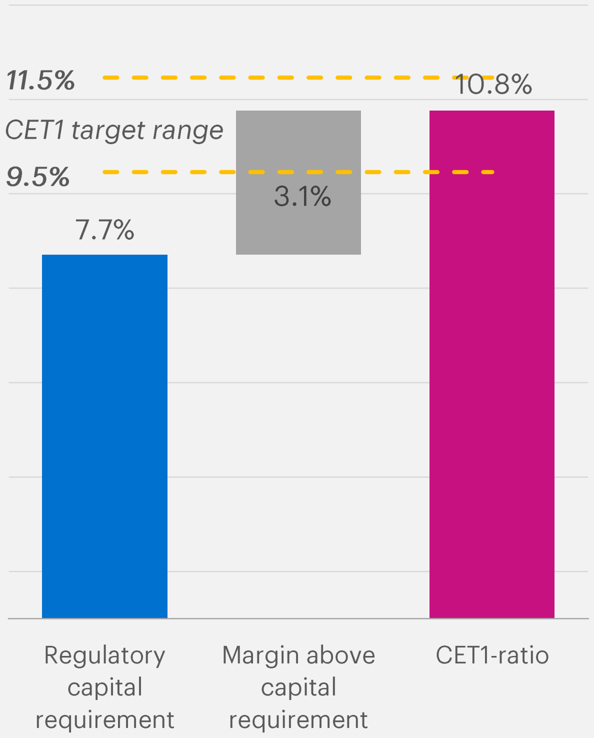
	Mezz. of tot funding	WACD
2020	1.5 %	1.8%
2023	ca. 5 %	ca. 2.4%

1. Year end 2020
2. Volume-weighted, EUR & SEK combined
3. Mezzanine and junior notes
4. Q3 2020

Well positioned for accelerated growth

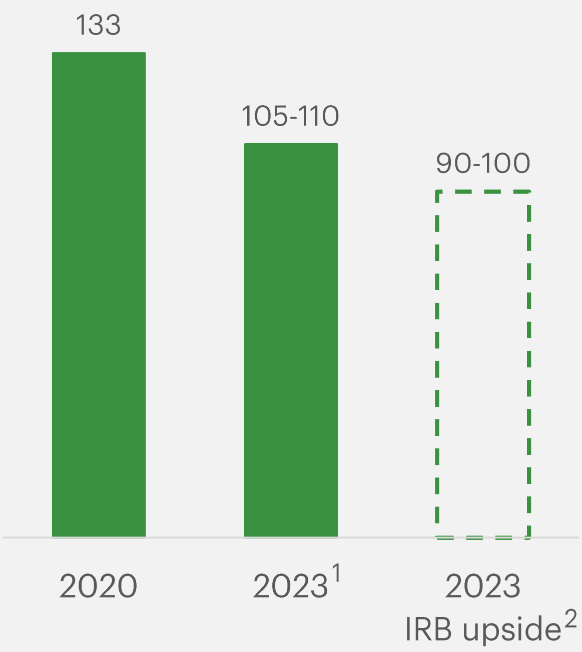
Strong starting point

Q4 2020 Capitalisation, %



Securitisation reducing capital consumption

Blended average risk weight, %



Significant acquisition capacity also with 25% dividends

Loan portfolios[3], SEK billion

Within one week	**3**
Within one quarter	**6-7**
Within one year	**9-12**
Within 2021-2023	**25-30**

1. 2023 estimate including Magnetar structure for front book securitisation of unsecured portfolios
2. Indicative benefit to Risk Weights from IRB; not included in acquisition capacity estimates
3. Assuming a mix of NPL Unsecured, NPL secured and Performing loans. Acquisition capacity modelled under the assumption of annual dividends of 25% of net profits 2021-2023, as per dividends policy

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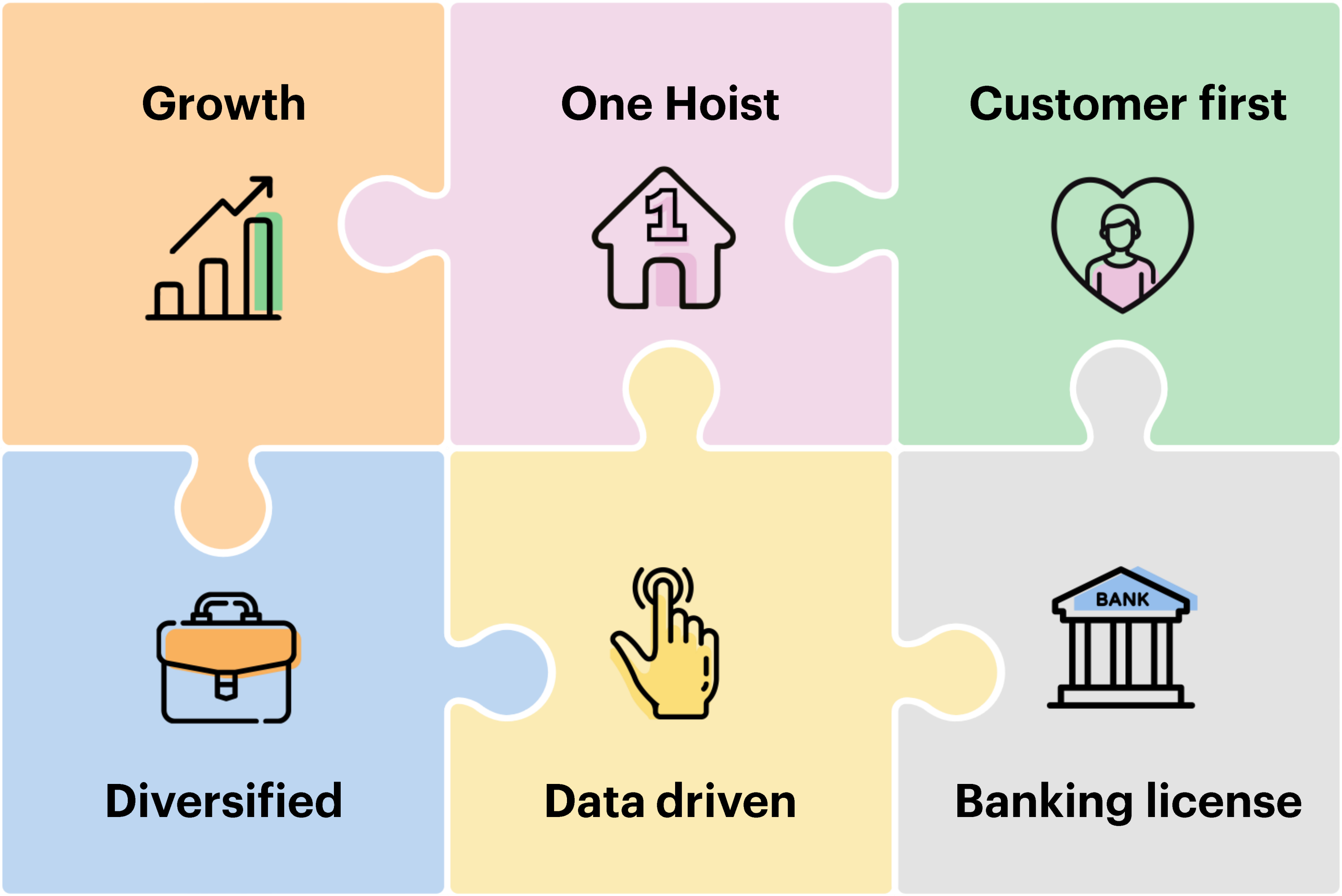
Hoist Finance very well positioned for the future



Regulation remains a key competitive advantage

Benefits from being regulated

- Funding advantage
- High-quality control functions
- Diligent and rigorous processes
- Same regulated status as our banking clients
- Strong consumer protection
- Strong foundation to develop new products and services tailored to customer needs

Regulated since 1996

Current topics

- In 2021, the SFSA will prioritise supervising the areas of consumer protection, anti-money laundering and risks that the pandemic may pose in the future
- European Commission’s NPL Action Plan (see appendix)
- SFSA's updated methodologies and guidance for calculating Pillar II requirements

Updated financial targets

Profitable growth

Return on Equity[1]: >15%

Cost-to-Income: <65% by 2023

EPS[2] CAGR[3] growth: 15% 2019-2023

Solid capitalisation

CET1-ratio

1.75-3.75 percentage point above regulatory requirements

Dividends policy: Hoist Finance dividend will in the long-term correspond to **25-30 percent** of annual net profit. The dividend will be determined annually, with respect to the company's capital target and the outlook for profitable growth.

1. Net profit for the period adjusted for annualized unpaid interest on AT1 capital, divided by equity adjusted for AT1 capital, calculated as an average for the financial year on a quarterly basis.
2. Adjusted for AT1 costs
3. When comparing 2023 vs. 2019 and excluding items affecting comparability (IAC)

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Appendix

Regulatory

Continued focus on NPLs by the European Commission (EC)

On 16th of December 2020, the EC published its 2020 NPL Action plan: Tackling non-performing loans (NPLs) in the aftermath of the COVID-19 pandemic.

This plan (the "**NPL Action Plan**") is a continuation of the process initiated in 2017 when the Council of the EU published their "*Council Conclusions on Action Plan to tackle non-performing loans in Europe*" (the "**2017 Action Plan**") and the subsequent reports, proposals and legislation, which focused on increase NPL disposals by European banks driven largely to avoid a more onerous regulatory treatment of holding NPLs. The 2020 NPL Action Plan in contrast, focuses primarily on measures that, should they be effective, aim to make NPL disposals more attractive (or perhaps less costly) to execute for the banks.

The NPL strategy has four main goals (further detail on following pages):

1. **Further develop well-functioning markets for distressed assets** while ensuring further strengthen protection for debtors;
2. **Reform the EU's corporate insolvency and debt recovery legislation**, which will help converge the various insolvency frameworks across the EU;
3. Support the **establishment of asset management companies** (AMCs aka 'bad banks') at EU level; and
4. Implement **precautionary public support measures**, where needed, to ensure the continued funding of the real economy.

Source: https://ec.europa.eu/info/publications/201216-non-performing-loans-action-plan_en

Hoist Finance supports the establishment of a strategy to address the issue of high NPL levels and we believe that we have an important role to play. A few detailed comments:

1. Hoist Finance agrees that fostering deeper secondary markets for NPLs will contribute to improved NPL flow management. In particular we welcome the improvements to the securitisation framework since NPL securitisation has become an integrated part of our business model and we of course appreciate that the EC wants to address regulatory impediments to NPL purchases by other banks and financial institutions, such as Hoist Finance.
2. AMCs have had a mixed perception in terms of successfully resolving NPLs. The debate regarding AMCs have been ongoing for quite some time and is expected to continue. If AMCs were to materialize we believe it could somewhat distort market prices and cause delays in NPL volumes.
3. As a pan-European debt management company, highly dependent on well-functioning judicial frameworks in the markets we operate, Hoist Finance naturally welcomes any improvements and harmonisation to insolvency, recovery and restructuring regimes.
4. Hoist Finance hopes and believe in a well-functioning secondary market to be able to ensure financial stability, so that that extreme measures as permitted in the context of BRRD are not required.

1. Further development of NPL markets

Development of secondary markets for NPLs represent a significant part of the Action Plan and the EU particularly highlights the following areas:

- Reach an agreement on the Commission's proposal for a **Directive on credit servicers**, credit purchasers and the recovery of collateral adopted in March 2018.
- Targeted improvements to the **securitisation framework for banks' non-performing exposures**, will enable the broader use of this tool by banks to free their balance sheets from NPEs. will enable the broader use of this tool by banks to free their balance sheets from NPEs.
- **Improving data quality and data comparability**, i.a. by updating the EBA data template (making them more proportionate and simple) in order to expand the use of the templates.
- Explore alternatives for establishing a data hub on NPL transactions at a European level, delivering more transparency and rendering markets more efficient.
- Develop guidance for NPL sellers on "best execution" sales processes for transactions, incl. e.g. information on the possible use of NPL platforms in the sales processes.
- **Address regulatory impediments to NPL purchases by banks**, i.a. by develop a more suitable approach for application of risk weights for purchased NPLs.

2. Insolvency, Recovery and Restructuring

Improving the insolvency framework constituted an important part of the 2017 Action Plan. However, at present the treatment of NPLs from the perspective of servicing, selling, acquiring and enforcing to realise collateral remains within the remit of national laws which vary by jurisdiction, with some being more creditor friendly and others offering more leniency and/or protection to debtors.

In the 2020 Action Plan, the EC;

- urges the European Parliament and the Council to swiftly reach an agreement on the legislative proposal for minimum harmonization rules on accelerated extrajudicial collateral enforcement (this will allow for legal certainty and recovery by both creditor and debtor).

- will, based on the benchmarking exercise of loan enforcement regimes which was part of the 2017 Council NPL Action Plan outlining an assessment of the efficiency of the legal framework in Member States in terms of defaulting or insolvents debtors, carefully analyse whether it is appropriate to make insolvency benchmarking a more regular exercise and continue the work on harmonisation of insolvency law regarding the opening of insolvency proceeds, ranking of claims, avoidance actions, tracing of assets in an insolvency estate and asset valuation as part of the Capital Markets Union (CMU).

- acknowledges that the “Recovery and Resilience Facility (RRF)” will incentivise and support reforms to reduce NPLs, in particular to improve the efficiency of national insolvency frameworks and administrative and judicial systems.

3. Asset Management Companies (AMCs)

Already as part of the previous 2017 Action Plan, the EC introduced a blueprint for setting up AMCs. The 2020 NPL Action Plan aims to further support the establishment and cooperation of AMCs acknowledging i.a. the following;

- AMCs can be very effective in certain specific circumstances, benefitting from economies of scale, centralisation of expertise and coordination.

- AMCs can be established with private or (partially) public funding in compliance with State Aid rules, but in order to be effective AMCs need to have sufficient capital to make a meaningful contribution to NPL volumes, which likely entails significant public funding and a State Aid assessment.

- A number of factors would make it difficult to set up a single European AMC. These factors include the diversity of NPLs and the different national rules on restructuring, insolvency and collateral enforcement. Consideration shall however be given to national AMCs and a cross-border network of AMCs at the EU level enabling exchange of best practices, experience and standardization.

- Reference is also made to Asset Protection Schemes (APS) such as GACS (in Italy) and Hercules (in Greece) which provide public support to NPL securitisation programmes (with approval as not being State Aid) as potentially being complementary to AMCs.

- Consideration of simplified approach to Real Economic Value (REV) in the context of applicable of State Aid rules for AMCs.

4. EU bank crisis management and state aid frameworks

The EC reiterates that market-based solutions should remain the first and primary tool for addressing NPLs. However, the EC further acknowledges that Member States through various policies have indirectly protected banks from potential credit losses and that authorities might need to be able to intervene in order to avoid impediments to the post-Covid economic recovery if there are indicators that the pandemic could cause distress to banks and pose financial stability concerns.

Consequently, the EU emphasises that;

- The Bank Resolution and Recovery Directive (BRRD) and State Aid framework provides for measures that can be taken in the event that financial institutions are "failing or likely to fail".

- in the context of the crisis precipitated by Covid-19, the exceptional possibility of public sector financial support to provide precautionary recapitalisation of a bank without automatically triggering the status of "failing or likely to fail", is available for solvent banks.

- Any such public financial support would nonetheless need to be compliant with the State Aid framework, and be sized based on the basis of a quantitative exercise such as a stress test.

Appendix

Definitions

Definitions

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

Initial forecast
Estimated gross cash collections over 15 years at time of portfolio acquisition.

Active forecast
Initial forecast adjusted for portfolio revaluations. Basis for current valuation of portfolios.

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

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

C/I ratio
Total operating expenses in relation to Total operating income and Profit from shares and participations in joint ventures.

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

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.

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 annualized basis, divided by equity adjusted for AT1 capital reported in equity, calculated as an average for the year based on a quarterly basis.