

# Own Funds, Capital Requirements and Liquidity Position as of June 30, 2015

**Hoist Kredit AB (publ)**  
**Corp.id.no. 556329-5699**

Hoist Finance AB (publ) and its subsidiaries is a pan-European financial group (“Hoist Finance”) active within debt purchasing and receivables management. Hoist Finance is a leading debt restructuring partner to international banks. We offer a broad spectrum of flexible and tailored solutions for acquisition and management of non-performing unsecured consumer loans and own active claims in eight countries across Europe. In Sweden, we offer a retail deposit service, HoistSpar. The subsidiary to Hoist Finance AB (publ), Hoist Kredit AB (publ) (“Hoist Kredit”), is licensed and regulated as a “Credit Market Company” (Sw. Kreditmarknadsbolag) by the Swedish Financial Supervisory Authority.

This information is in reference to the information that shall be disclosed on a periodic basis in accordance with the Capital Requirements Regulation (EU, No 575/2013), the Swedish Financial Supervisory Authority’s regulations regarding prudential requirements and capital buffers (FFFS 2014:12) and the Swedish Financial Supervisory Authority’s regulations regarding management of liquidity risks in credit institutions and investment firms (FFFS 2010:7). The information is given on the basis of the consolidated situation of Hoist Finance as well as Hoist Kredit AB (publ) on an institutional level. The only difference between the consolidated accounts and the consolidated situation for capital adequacy purposes is that the equity method is applied in the consolidated accounts whereas the proportional method is applied for the joint venture in relation to capital adequacy reporting.



## Capital Adequacy

### Own funds

The table below shows own funds for Hoist Kredit AB (publ) and Hoist Finance on a consolidated basis which are used to cover the own funds requirements. If the own funds in the respective capital categories are divided by the Risk Exposure Amount the capital ratios are derived which are shown under the heading "Capital ratios and capital buffers".

#### Own funds, SEK thousand

	Hoist Finance on a consolidated basis			Hoist Kredit AB (publ)		
	30 jun 2015	31 dec 2014	30 jun 2014	30 jun 2015	31 dec 2014	30 jun 2014
Total equity in capital adequacy	2,022,380	1,304,190	1,012,113	2,007,135	1,182,658	875,141
Intangible assets	-244,380	-171,048	-66,829	-45,627	-45,273	-28,465
Deferred tax assets	-63,430	-70,885	-63,665	-8,382	-1,249	-1,536
Interim results <sup>1</sup>	-44,164	-	-	-104,267	-	-
Foreseeable dividend	-1,092	-5,000	-2,500	-	-	-
<b>Common Equity Tier 1 capital</b>	<b>1,669,314</b>	<b>1,057,257</b>	<b>879,119</b>	<b>1,848,859</b>	<b>1,136,136</b>	<b>845,140</b>
Additional Tier 1 capital instruments	93,000	93,000	193,000	93,000	93,000	193,000
Regulatory adjustments	-	-	-50,266	-	-	-59,116
<b>Additional Tier 1 capital</b>	<b>93,000</b>	<b>93,000</b>	<b>142,734</b>	<b>93,000</b>	<b>93,000</b>	<b>133,884</b>
<b>Tier 1 capital</b>	<b>1,762,314</b>	<b>1,150,257</b>	<b>1,021,853</b>	<b>1,941,859</b>	<b>1,229,136</b>	<b>979,024</b>
Tier 2 capital instruments	334,773	332,796	330,952	334,773	332,796	330,952
Regulatory adjustments	-69,399	-106,655	-140,640	-76,369	-111,814	-152,440
<b>Tier 2 capital</b>	<b>265,374</b>	<b>226,141</b>	<b>190,312</b>	<b>258,404</b>	<b>220,982</b>	<b>178,512</b>
<b>Total capital</b>	<b>2,027,688</b>	<b>1,376,398</b>	<b>1,212,165</b>	<b>2,200,263</b>	<b>1,450,118</b>	<b>1,157,536</b>
<b>Total risk exposure amount</b>	<b>13,268,694</b>	<b>11,307,052</b>	<b>9,515,610</b>	<b>12,920,205</b>	<b>11,049,076</b>	<b>8,925,580</b>

<sup>1</sup> Unaudited, i.e. cannot be included in the calculation of the CET1 capital.

### Own funds requirements

The table below shows the own funds requirements per risk category for Hoist Kredit AB (publ) and Hoist Finance on a consolidated basis.

#### Own funds requirements, SEK thousand

	Hoist Finance on a consolidated basis			Hoist Kredit AB (publ)		
	30 jun 2015	31 dec 2014	30 jun 2014	30 jun 2015	31 dec 2014	30 jun 2014
Institutions	141,192	54,575	31,297	62,569	24,704	24,070
-of which: arising from counterparty credit risk	2,270	1,701	1,266	2,270	1,701	1,266
Corporates	17,013	11,702	13,275	643,748	425,346	326,433
Retail	5,452	8,222	10,474	5,452	7,849	10,474
Exposures in default	718,500	707,040	587,775	221,030	234,038	224,588
Other items	24,380	18,641	5,298	38,318	139,936	67,683
<b>Credit risk (standardised approach)</b>	<b>906,537</b>	<b>800,180</b>	<b>648,119</b>	<b>971,117</b>	<b>831,872</b>	<b>653,248</b>
<b>Operational risk (basic indicator approach)</b>	<b>140,220</b>	<b>93,379</b>	<b>93,379</b>	<b>47,761</b>	<b>41,049</b>	<b>41,049</b>
<b>Foreign exchange risk</b>	<b>14,738</b>	<b>11,005</b>	<b>19,496</b>	<b>14,738</b>	<b>11,005</b>	<b>19,496</b>
<b>Credit valuation adjustment (standardised approach)</b>	<b>-</b>	<b>-</b>	<b>254</b>	<b>-</b>	<b>-</b>	<b>254</b>
<b>Total own funds requirement</b>	<b>1,061,495</b>	<b>904,564</b>	<b>761,249</b>	<b>1,033,616</b>	<b>883,926</b>	<b>714,046</b>

## Capital ratios and capital buffers

When the Capital Requirements Regulation entered into force on the first of January 2014 credit institutions became required to uphold at least 4.5% Common Equity Tier 1 Capital, 6% Tier 1 Capital and 8% Total Capital, as a percentage of the Risk Exposure Amount. On the second of August 2014, when the Swedish implementation of the Capital Requirements Directive entered into force, credit institutions became required to also uphold certain capital buffers. Currently Hoist Finance is required to uphold a capital conservation buffer of 2.5% of the Risk Exposure Amount. The table below shows capital ratios and capital buffers for Hoist Kredit AB (publ) and Hoist Finance on a consolidated basis.

### Capital ratios and buffers, %

	Hoist Finance on a consolidated basis			Hoist Kredit AB (publ)		
	30 jun 2015	31 dec 2014	30 jun 2014	30 jun 2015	31 dec 2014	30 jun 2014
Common Equity Tier 1 Capital ratio	12.58%	9.35%	9.24%	14.31%	10.28%	9.47%
Tier 1 Capital ratio	13.28%	10.17%	10.74%	15.03%	11.12%	10.97%
Total Capital ratio	15.28%	12.17%	12.74%	17.03%	13.12%	12.97%
Institution specific CET1 buffer requirement	7.00%	7.00%	4.50%	7.00%	7.00%	4.50%
of which: capital conservation buffer requirement	2.50%	2.50%	-	2.50%	2.50%	-
of which: countercyclical buffer requirement	-	-	-	-	-	-
CET1 capital available to meet buffers <sup>2</sup>	7.28%	4.17%	4.74%	9.03%	5.12%	4.97%

<sup>2</sup> CET1 capital ratio as reported, less minimum requirement of 4.5% (excluding buffer requirements) and less any CET1 items used to meet the Tier 1 and total capital requirements.

## Internally assessed capital requirement (Pillar II risks)

As per 30 June 2015, the internally assessed capital requirement amounted to SEK 171 million (SEK 85 million at 30 June 2014). Adjusted methods for assessing Pillar 2 capital requirements have increased the capital requirement.

## Liquidity

Liquidity risk is the risk of difficulties in obtaining financing and thus, not being able to meet payment obligations at maturity without significant higher financing costs. Liquidity risk in Hoist Finance stems first and foremost from the risk of unexpected outflow of deposits while not being able to refinance the asset side of the balance sheet. Liquidity risk in Hoist is low due to the fact that (i) deposits are well diversified, (ii) more than 99% of deposits are under state guaranteed deposit insurance, (iii) the amount of deposits is managed by altering given interest rates and (iv) term-funding cover Hoist's fixed assets (credit portfolios) to more than 90%.

In accordance with the SFSA's regulations regarding management of liquidity risks in credit institutions and investment firms (FFFS 2010:7), Hoist Kredit AB (publ) and Hoist Finance on a consolidated basis shall hold a separate reserve of high-quality liquid assets to secure its short-term capacity to meet payment obligations in the event of lost or impaired access to regularly available funding sources. Hoist Kredit AB (publ) and Hoist Finance on a consolidated basis liquidity reserve consist of unencumbered assets that enable the rapid creation of liquidity at foreseeable values, including:

- cash at credit institution;
- deposits with other credit institutions available the following day; and
- other assets that are both liquid on private markets and eligible for refinancing by central banks.

### Liquidity Position - Key ratios, SEK thousand

	Hoist Finance on a consolidated basis			Hoist Kredit AB (publ)		
	30 jun 2015	31 dec 2014	30 jun 2014	30 jun 2015	31 dec 2014	30 jun 2014
Deposits	12,768,384	10,987,289	8,913,034	12,768,384	10,987,289	8,913,034
Liquidity Reserve <sup>3</sup>	6,525,605	5,348,625	2,951,830	4,506,691	4,394,508	2,624,395
Available Liquidity, minimum of SEK 2,544 million <sup>4</sup>	7,563,943	5,531,632	3,635,449	5,545,029	4,577,515	3,308,015
Liquidity Reserve/Deposits	51.11%	48.68%	33.12%	35.30%	40.00%	29.44%
Available Liquidity/Deposits	59.24%	50.35%	40.79%	43.43%	41.66%	37.11%

<sup>3</sup> Defined as cash at credit institutions available the next day and fixed income instruments which are liquid and possible to refinance through the Swedish Central Bank.

<sup>4</sup> Defined as liquidity available within three days.

### Liquidity Funding, SEK thousand

	Hoist Finance on a consolidated basis			Hoist Kredit AB (publ)		
	30 jun 2015	31 dec 2014	30 jun 2014	30 jun 2015	31 dec 2014	30 jun 2014
Flex Deposits	7,434,280	7,559,043	6,662,833	7,434,280	7,559,043	6,662,833
Term Deposits	5,334,104	3,428,246	2,250,201	5,334,104	3,428,246	2,250,201
Senior Unsecured Debt	1,458,626	1,493,122	740,355	1,458,626	1,493,122	740,355
Tier 1 instruments	93,000	93,000	193,000	93,000	93,000	193,000
Tier 2 instruments	334,773	332,796	330,952	334,773	332,796	330,952
Equity	2,055,346	1,304,190	1,012,113	2,039,719	1,182,659	854,417
Other	693,234	851,432	425,242	265,242	503,267	248,380
<b>Balance Sheet Total</b>	<b>17,403,363</b>	<b>15,061,829</b>	<b>11,614,696</b>	<b>16,959,744</b>	<b>14,592,133</b>	<b>11,280,137</b>