

# January - March 2014

Gross cash collections

**SEK 536m** 

Portfolio acquisitions

**SEK 434m** 

EBIT margin

**33%**

Capital adequacy ratio

**12.05%**

- Gross cash collections totalled SEK 536 million, an increase of 72 per cent compared to January - March 2013 (SEK 312 million).
- Total revenue<sup>1)</sup> was SEK 356 million (SEK 229 million), up 57 per cent on the first quarter 2013.
- EBIT for the the first quarter 2014 totalled SEK 119 million, corresponding to an EBIT margin of 33 per cent. In January - March 2013, EBIT totalled SEK 81 million with a corresponding EBIT margin of 35 per cent.
- Portfolio acquisitions of SEK 434 million, an increase of 96 per cent relative to the same period in 2013.
- Carrying value<sup>2)</sup> as at 31 March 2014 of SEK 6,197 million (SEK 3,320 million as at 31 March 2013), corresponding to Gross 120 month ERC (estimated remaining collections) of SEK 10,958 million (SEK 5,685 million).
- Cash flow from operating activities totalled SEK -762 million in the first quarter of 2014 (SEK 1,594 million in January - March 2013).
- Capital adequacy ratio of 12.05 per cent of REA<sup>3)</sup> as at 31 March 2014 (9.50 per cent as at 31 March 2013).

SEK million	Jan-Mar 2014	Jan-Mar 2013	Change	Full year 2013
Net revenue from directly owned portfolios	306	191	+60%	1,083 <sup>4)</sup>
Revenue from servicing	29	26	+11%	121
Profit from joint venture	12	7	+68%	36
Other income	11	5	+136%	41
<b>Total revenue</b>	<b>358</b>	<b>229</b>	<b>+57%</b>	<b>1 281<sup>4)</sup></b>
<b>EBIT</b>	<b>119</b>	<b>81</b>	<b>+48%</b>	<b>343</b>
<i>EBIT margin</i>	33%	35%	-2pp	27%

<sup>1</sup> Including interest income from run-off consumer loan portfolio, revenue from servicing, profit from joint venture and other income.

<sup>2</sup> Acquired loan portfolios; run-off consumer loan portfolio and joint venture not included.

<sup>3</sup> Risk Exposure Amount; includes capital requirements for operational, market and credit risks.

<sup>4</sup> Adjusted for portfolio revaluations of SEK -6 million in 2013.

# Comment from the CEO

## Committed strategy of being a debt restructuring partner

Our performance in the first quarter 2014 provided further evidence to our successful business model and the profound relationships with our partners. Hoist Finance continued on the strong acquisition track that we embarked upon in 2012, with SEK 434 million in portfolio acquisitions, which is approximately double the acquisition volume for the corresponding period last year. Our committed strategy of being a debt restructuring partner to global banks and financial institutions is proven by the recurrent transactions with our partners, building on previous cooperation. A proof to that is the recently announced agreement to acquire an additional portfolio and enter a forward flow contract with the Dutch Credit Agricole Consumer Finance Nederland B.V., pursuing on the acquisition of the Special Collection department of Credit Agricole Consumer Finance in Amsterdam last year.

Subsequent to the first quarter, we announced an important portfolio acquisition in Italy from our long-term servicing partner TRC Spa. This transaction aligns with Hoist Finance's strategy of further geographical diversification within core asset segments.

Hoist Finance has further delivered on earnings and profitability growth: gross cash collections totalled SEK 536 million in January – March, up 72 per cent compared to the same period in 2013, reflecting the high portfolio acquisition volume in 2013 and in the beginning of 2014. Earnings before Interest and Tax (EBIT) increased by close to 50 per cent on a year-to-year basis to SEK 119 million with a corresponding EBIT margin of 33 per cent. We have successfully pursued a strategy of balanced growth and operational excellence. The integration process of

the Lewis Group Ltd and Robinson Way Ltd in the UK is proceeding according to plan and will be finalised in the second quarter 2014. A new collection system has now been fully implemented in our French operation, which will further enhance productivity and efficiency.

Hoist Finance has a stable and diversified financing, most recently complemented by the issuance of SEK 750 million in senior unsecured loan in December 2013, listed on NASDAQ OMX in January 2014. We continuously evaluate strategic alternatives for having an optimal capital structure to accommodate the opportunities in the European debt purchase market as they arise.

We have seen the European non-performing loan market grow by some ten per cent on an annual basis, and this trend is expected to accelerate further, driven by the tighter capital regulation for the European financial sector suggested by the Basel III framework. Being one of the largest players on the European debt purchase scene in terms of portfolio acquisition volume and financial capacity, Hoist Finance is well positioned to take a further active role in the changing credit market landscape.

*Jörgen Olsson*  
Chief Executive Officer

# January – March 2014

Unless otherwise stated, all comparisons of market, financial and operational data apply to the corresponding period in 2013.

## Revenue and financial items

### Operating revenue

Gross cash collections increased by 72 per cent to SEK 536 million in January – March 2014 from SEK 312 million in the first quarter 2013, due to the high acquisition activity in 2013 and during the first quarter of 2014. Net revenue from acquired loan portfolios totalled SEK 295 million in January – March 2014, compared to SEK 166 million in the same period for 2013. Interest from the run-off consumer loan portfolio, accounted for in interest income totalled SEK 11 million (SEK 25 million in the January – March 2013). Total net revenue from directly-owned portfolios was thus up 60 per cent to SEK 306 million (SEK 191 million in the first quarter 2013). Revenue from servicing activities increased by 11 per cent to SEK 29 million in the first quarter 2014.

The profit from the joint venture in Poland was up 68 per cent to SEK 36 million due to a weaker start of 2013. The book value of the holding in the joint venture was SEK 204 million at the end of March 2014 (SEK 177 million at 31 March 2013). Other income of SEK 34 million includes income from the holding company, Hoist International AB (publ), of SEK 23 million, with a corresponding amount included in operating expenses. The net amount included in the revenue is SEK 11 million in January – March 2014 (SEK 5 million in the same period for 2013).

Total revenue from operations increased by 57 per cent to SEK 358 million in the first quarter 2014 compared to SEK 229 million for the same period in 2013.

### Financial items

Net interest items, i.e. the net amount of interest income and interest expenses, which represents the Group's cost for deposit-taking from the public and the placement of liquidity with banks and credit institutions, interest income from the run-off consumer loan portfolio, other income net of intra-Group items and the interest expense related to the subordinated loans issued in October and the senior unsecured loans issued in December, totalled SEK -63 million in January – March 2014, an increase from SEK -15 million in the same period for 2013. Excluding the interest income from the run-off consumer loan portfolio, the net interest expense was SEK -74 million and SEK -40 million respectively. The considerable increase in interest expenses relates to the two bond issues as well as the higher deposit volume. The higher liquidity has been built up in excess of internal targets to accommodate expected continued high acquisition volumes.

Net income from financial transactions totalled SEK 3 million in the first quarter 2014, compared to SEK 20 million in the same period for 2013. Interest rate swap positions had an effect of SEK -8 million in the first quarter of 2014 (SEK -1 million in January – March 2013) as a result of sustained low interest rates. However, lower interest rates will over time accumulate into a corresponding reduction of Hoist Finance's deposit related funding costs.

Derivative instruments used to hedge the Group's foreign exchange exposure had a positive effect of SEK 10 million in the first quarter of 2014, compared to SEK 21 million in January – March 2013.

### Operating expenses

Operating expenses, net of intra-Group items, totalled SEK 239 million, an increase of 61 per cent over the same period in 2013. During 2013 and the first quarter 2014, Hoist Finance has pursued an active and balanced growth strategy, including both portfolio acquisitions, leading to higher collection costs, and the acquisition of the Lewis group Ltd in the UK with subsequent integration into Robinson Way Ltd which has proceeded in accordance with the plan. For comparison reasons, the operating expenses for the first quarter and full year 2013 have been restated with respect to the fees to the stability fund and to the deposit guarantee schemes that are now included in interest expenses.

Depreciation and amortisation totalled SEK -5 million in the first quarter of 2014 (SEK -3 million in January – March 2013).

### Consolidated profit before tax and Net profit

The consolidated profit before tax totalled SEK 48 million in January – March 2014 (SEK 61 million for the first quarter 2013). The decrease is attributable to the higher net interest expense in the first quarter 2014 and the high positive result from financial transactions in the first quarter 2013. The reported income tax in January – March 2014 was SEK -11 million (SEK -13 million in the first quarter of 2013), corresponding to approximately 23 per cent of the consolidated profit before tax.

The comprehensive income, including currency translation differences recorded directly in shareholders' equity, was SEK 31 million in January – March 2014, an increase of approximately SEK 5 million compared to the same period in 2013.

## Cash flow and investments

SEK million	Jan-Mar 2014	Jan-Mar 2013	Change	Full year 2013
Cash flow from operating activities	-762	1,594	-148%	1 275
Cash flow from investing activities	198	-42	n.m.	-613
Cash flow from financing activities	63	-	n.m.	1 017
<b>Cash flow for the period</b>	<b>-500</b>	<b>1,553</b>	<b>-245%</b>	<b>1 679</b>

Cash flow from operating activities totalled SEK -762 million in January – March 2014 compared to SEK 1,594 million for the same period in 2013. Gross cash collections increased by SEK 223 million. The reduced inflow of deposits in the first quarter 2014 compared to the beginning in 2013 affected the cash flow negatively. In addition, interest income and amortisations on the run-off consumer loan portfolio were SEK 86 million lower in the first quarter 2014 compared to the same period in 2013.

In addressing regulatory changes coming into force, Hoist Finance has reallocated amongst its liquidity reserves largely shifting from lending to credit institutions to short term government issued debts and covered bonds. During the first quarter 2014, Hoist Finance invested SEK 1,553 million in treasury bills.

Total cash flow for January – March 2014 was SEK -500 million compared to SEK 1,553 million for the same period in 2013.

## Financing and capital structure

SEK million	31 Mar 2014	31 Mar 2013	Change	31 Dec 2013
Deposits	9,100	7,812	+16%	9,702
Subordinated loans	330	46	+619%	329
Senior unsecured loans	729	-	n.m.	666
<b>Total interest-bearing debt</b>	<b>10,159</b>	<b>7,858</b>	<b>+29%</b>	<b>10,697</b>
Interest-bearing assets	4,519	4,566	1%	5,219
<b>Net debt</b>	<b>5,640</b>	<b>3,292</b>	<b>+71%</b>	<b>5,478</b>

Cash and interest-bearing securities totalled SEK 4,519 million as at 31 March 2014 (SEK 4,566 million as at 31 March 2013), which by far exceeds Hoist Finance's internal targets for liquidity reserves for its deposit operations of 30 per cent. Net interest-bearing debt totalled SEK 5,640 million as at 31 March 2014, compared to SEK 3,292 million as at 31 March 2013. The increase is attributable to the higher deposit

volume and the two bonds issued during 2013 and in the beginning of 2014, in total SEK 1.1 billion.

In 2013, Hoist Finance completed a Tier I capital issue, strengthening the shareholders' equity by SEK 93 million. As at 31 March 2014, shareholders' equity totalled SEK 856 million, up 30 per cent compared to the same period in 2013.

### Acquired loan portfolios

The first quarter 2014 continued on the same strong acquisition path as 2013. Portfolio acquisitions totalled SEK 434 million, compared to SEK 221 million in the same period in 2013. The Benelux market accounted for a substantial share of the portfolio acquisitions.

The carrying value of acquired loan portfolios totalled SEK 6,197 million

as at 31 March 2014, compared to SEK 3,320 million as at 31 March 2013. The corresponding ERC 120m almost doubled from SEK 5,685 million as at 31 March 2013 to SEK 10,958 million as at 31 March 2014.

SEK million	31 Mar 2014	31 Mar 2013	Change	31 Dec 2013
Portfolio acquisitions	434	221	+96%	3,266
Carrying value at the end of the period	6,197	3,320	+87%	5,998
Gross ERC 120 months at the end of the period	10,958	5,685	+93%	10,673

*Neither the run-off consumer loan portfolio nor the joint venture are included in the carrying value or in the ERC above.*

# Financial Statements

## CONSOLIDATED INCOME STATEMENT

SEK thousand	Note	Jan–Mar 2014	Jan–Mar 2013	Jan–Dec 2013
Net revenue from acquired loan portfolios	1	295,137	166,399	1,008,317
Interest income		21,678	42,696	158,568
Interest expense		-84,365	-57,806	-259,420
<b>Net interest income</b>		<b>232,450</b>	<b>151,289</b>	<b>907,465</b>
Fee and commission income		28,731	25,812	120,854
Net income from financial transactions		2,585	20,226	-4,581
Other income		34,128	26,120	142,821
<b>Total operating income</b>		<b>297,894</b>	<b>223,447</b>	<b>1,166,559</b>
<b>General administrative expenses</b>				
Personnel expenses		-108,432	-71,642	-386,757
Other operating expenses		-148,627	-95,063	-636,852
Depreciation and amortisation of tangible and intangible fixed assets		-4,838	-2,698	-16,337
<b>Total operating expenses</b>		<b>-261,897</b>	<b>-169,403</b>	<b>-1,039,946</b>
Profit from shares and participations in joint venture		11,870	7,075	36,406
<b>Result before tax</b>		<b>47,867</b>	<b>61,119</b>	<b>163,019</b>
Income tax		-11,240	-13,341	-34,907
<b>Net profit for the period</b>		<b>36,627</b>	<b>47,778</b>	<b>128,112</b>

## STATEMENT OF COMPREHENSIVE INCOME, GROUP

SEK thousand	Jan–Mar 2014	Jan–Mar 2013	Jan–Dec 2013
<b>Net profit for the period</b>	<b>36,627</b>	<b>47,778</b>	<b>128,112</b>
<b>Other comprehensive income</b>			
Items that have been or may be reclassified subsequently to the income statement			
Currency translation differences	-5,804	-22,119	1,867
<b>Other comprehensive income for the period, net of tax</b>	<b>-5,804</b>	<b>-22,119</b>	<b>1,867</b>
<b>Total comprehensive income for the period</b>	<b>30,823</b>	<b>25,659</b>	<b>129,979</b>
<b>Attributable to</b>			
Owners of the Parent Company	30,823	25,659	129,979

## CONSOLIDATED BALANCE SHEET

### ASSETS

SEK thousand	Note	31 Mar 2014	31 Dec 2013	31 Mar 2013
Cash		129	197	134
Treasury bills and treasury bonds		1,756,549	-	-
Lending to credit institutions		1,664,565	3,921,199	3,795,379
Lending to the public		297,135	328,951	433,622
Acquired loan portfolios	2	6,196,694	5,997,935	3,320,131
Receivables from affiliated companies		110,177	85,158	231,740
Bonds and other securities		1,098,246	1,297,677	770,458
Shares and participations in joint venture		203,838	192,230	177,250
Intangible fixed assets		33,126	33,149	19,470
Tangible fixed assets		24,904	32,244	38,758
Other assets		84,954	103,956	49,554
Deferred tax assets		56,607	57,306	29,049
Prepaid expenses and accrued income		18,516	24,332	7,136
<b>Total assets</b>		<b>11,545,440</b>	<b>12,074,334</b>	<b>8,872,681</b>

### LIABILITIES AND SHAREHOLDERS' EQUITY

SEK thousand	Note	31 Mar 2014	31 Dec 2013	31 Mar 2013
<b>Liabilities</b>				
Deposits from the public		9,099,543	9,701,502	7,812,236
Tax liabilities		41,954	66,910	33,276
Other liabilities		273,946	269,323	257,164
Deferred tax liabilities		40,749	32,720	4,732
Accrued expenses and prepaid income		109,130	89,285	22,225
Provisions		65,059	94,560	40,204
Senior unsecured loans		729,037	665,680	-
Subordinated loans		330,076	329,231	45,900
<b>Total liabilities and provisions</b>		<b>10,689,494</b>	<b>11,249,211</b>	<b>8,215,737</b>
<b>Shareholders' equity</b>				
<b>Restricted equity</b>				
Share capital		50,000	50,000	50,000
Capital reserves		10,000	10,000	10,000
<b>Total restricted equity</b>		<b>60,000</b>	<b>60,000</b>	<b>60,000</b>
<b>Unrestricted equity</b>				
Other contributed equity		275,631	275,631	181,091
Reserves		-18,046	-12,242	-36,228
Retained earnings		501,734	373,622	404,303
Profit for the period		36,627	128,112	47,778
<b>Total unrestricted equity</b>		<b>795,946</b>	<b>765,123</b>	<b>596,944</b>
<b>Total shareholders' equity</b>		<b>855,946</b>	<b>825,123</b>	<b>656,944</b>
<b>Total liabilities and shareholders' equity</b>		<b>11,545,440</b>	<b>12,074,334</b>	<b>8,872,681</b>
<b>Pledged assets</b>		<b>5,727</b>	<b>5,724</b>	<b>5,515</b>
<b>Contingent liabilities</b>		<b>275,963</b>	<b>271,628</b>	<b>165,324</b>

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, GROUP

SEK thousand	Restricted Equity		Unrestricted Equity				Total shareholders' equity
	Share capital	Capital Reserves	Reserves Translation of foreign operations	Other contributed capital	Retained earnings	Result for the period	
<b>Opening balance as at 1 January 2014</b>	<b>50,000</b>	<b>10,000</b>	<b>-12,242</b>	<b>275,631</b>	<b>373,622</b>	<b>128,112</b>	<b>825,123</b>
<b>Resclassification of profit for the previous period</b>					<b>128,112</b>	<b>-128,112</b>	<b>0</b>
<b>Comprehensive income for the period</b>							
Net profit for the period						36,627	36,627
Other comprehensive income			-5,804				-5,804
<b>Total comprehensive income for the period</b>			<b>-5,804</b>			<b>36,627</b>	<b>30,823</b>
<b>Balance as at 31 March 2014</b>	<b>50,000</b>	<b>10,000</b>	<b>-18,046</b>	<b>275,631</b>	<b>501,734</b>	<b>36,627</b>	<b>855,946</b>

SEK thousand	Restricted Equity		Unrestricted Equity				Total shareholders' equity
	Share capital	Capital Reserves	Reserves Translation of foreign operations	Other contributed capital	Retained earnings	Result for the period	
<b>Opening balance as at 1 January 2013</b>	<b>50,000</b>	<b>10,000</b>	<b>-14,109</b>	<b>181,091</b>	<b>356,501</b>	<b>47,802</b>	<b>631,285</b>
<b>Resclassification of profit for the previous period</b>					<b>47,802</b>	<b>-47,802</b>	<b>0</b>
<b>Comprehensive income for the year</b>							
Net profit for the period						128,112	128,112
Other comprehensive income			1,867				1,867
<b>Total comprehensive income for the period</b>			<b>1,867</b>			<b>128,112</b>	<b>129,979</b>
<b>Transactions with owners, recorded directly in equity</b>							
Capital contribution				93,000*			93,000
Interest paid on capital contribution					-25,073		-25,073
Group contributions paid					-10,031		-10,031
Tax effect on transactions recorded directly in equity				1,540	4,423		5,963
<b>Total transactions with owners, recorded directly in equity</b>				<b>95,540</b>	<b>-30,681</b>		<b>63,859</b>
<b>Balance as at 31 December 2013</b>	<b>50,000</b>	<b>10,000</b>	<b>-12,242</b>	<b>275,631</b>	<b>373,622</b>	<b>128,112</b>	<b>825,123</b>

\* The nominal amount of SEK 100,000 thousand has been reduced by transaction costs.

SEK thousand	Restricted Equity		Unrestricted Equity				Total shareholders' equity
	Share capital	Capital Reserves	Reserves Translation of foreign operations	Other contributed capital	Retained earnings	Result for the period	
<b>Opening balance as at 1 January 2013</b>	<b>50,000</b>	<b>10,000</b>	<b>-14,109</b>	<b>181,091</b>	<b>356,501</b>	<b>47,802</b>	<b>631,285</b>
<b>Resclassification of profit for the previous period</b>					<b>47,802</b>	<b>-47,802</b>	<b>0</b>
<b>Comprehensive income for the period</b>							
Net profit for the period						47,778	47,778
Other comprehensive income			-22,119				-22,119
<b>Total comprehensive income for the period</b>			<b>-22,119</b>			<b>47,778</b>	<b>25,659</b>
<b>Balance as at 31 March 2013</b>	<b>50,000</b>	<b>10,000</b>	<b>-36,228</b>	<b>181,091</b>	<b>404,303</b>	<b>47,778</b>	<b>656,944</b>

## CONSOLIDATED CASH FLOW STATEMENT

SEK thousand	Jan–Mar 2014	Jan–Mar 2013	Jan–Dec 2013
<b>OPERATING ACTIVITIES</b>			
Cash flow from collections on acquired loan portfolios	535,522	312,107	1,641,007
Interest income	17,437	42,696	157,817
Fee and commission income	28,731	25,812	120,854
Other operating income	34,128	26,120	142,093
Interest expenses	-42,206	-6,969	-193,595
Operating expenses	-233,147	-168,625	-975,793
Net cash flow from financial transactions	2,585	20,226	-4,581
Profit from joint venture	-	-	16,481
Income tax paid	-32,213	6,444	-5,806
<b>Total</b>	<b>310,837</b>	<b>257,811</b>	<b>898,477</b>
Increase/decrease in acquired loan portfolios incl. translation differences	-439,144	-101,932	-3,266,718
Increase/decrease in certificates in joint venture	-	-	11,697
Increase/decrease in lending to the public	1,262	73,771	325,025
Increase/decrease in deposits from the public	-632,773	1,395,143	3,288,497
Increase/decrease in other assets	29,282	12,204	-19,728
Increase/decrease in other liabilities	4,624	-40,433	-28,755
Changes in other balance sheet items	-35,689	-1,724	66,209
<b>Total</b>	<b>-1,072,438</b>	<b>1,337,029</b>	<b>376,227</b>
<b>Cash flow from operating activities</b>	<b>-761,601</b>	<b>1,594,480</b>	<b>1,274,704</b>
<b>INVESTING ACTIVITIES</b>			
Investments in intangible fixed assets	-2,580	-3,365	-37,583
Investments in tangible fixed assets	-3,000	-576	-10,809
Investments in bonds, net	203,671	-37,786	-564,254
<b>Cash flow from investing activities</b>	<b>198,091</b>	<b>-41,727</b>	<b>-612,646</b>
<b>FINANCING ACTIVITIES</b>			
Capital contribution	-	-	93,000
Issued senior unsecured loans	63,357	-	665,680
Issued subordinated loans	-	-	329,231
Repaid subordinated loans	-	-	-45,900
Paid interest on subordinated loans	-	-	-25,073
<b>Cash flow from financing activities</b>	<b>63,357</b>	<b>-</b>	<b>1,016,938</b>
<b>Cash flow for the period</b>	<b>-500,153</b>	<b>1,553,113</b>	<b>1,678,996</b>
<b>Cash at the beginning of the period</b>	<b>3,921,396</b>	<b>2,242,400</b>	<b>2,242,400</b>
<b>Cash at the end of the period*</b>	<b>3,421,243</b>	<b>3,795,513</b>	<b>3,921,396</b>

\* Includes cash, treasury bills and lending to credit institutions

## PARENT COMPANY INCOME STATEMENT

SEK thousand	Note	Jan–Mar 2014	Jan–Mar 2013	Jan–Dec 2013
Net revenue from acquired loan portfolios	1	78,787	87,123	379,870
Interest income		68,901	54,353	231,610
Interest expense		-84,417	-58,292	-260,693
<b>Net interest income</b>		<b>63,271</b>	<b>83,184</b>	<b>350,787</b>
Net income from financial transactions		-229	19,979	-10,435
Other income		16,396	10,425	28,895
<b>Total operating income</b>		<b>79,438</b>	<b>113,588</b>	<b>369,247</b>
<b>General administrative expenses</b>				
Personnel expenses		-24,029	-9,665	-50,589
Other operating expenses		-48,308	-40,038	-217,473
Depreciation and amortisation of tangible and intangible fixed assets		-1,418	-576	-3,332
<b>Total operating expenses</b>		<b>-73,755</b>	<b>-50,279</b>	<b>-271,394</b>
Profit from shares and participations in joint-venture		-	-	16,481
Dividends received		34,660	-	-
Tax allocation reserve		-22,173	-15,448	-8,207
<b>Result before tax</b>		<b>18,170</b>	<b>47,861</b>	<b>106,127</b>
Income tax		2,985	-7,812	-24,167
<b>Net profit for the period</b>		<b>21,155</b>	<b>40,049</b>	<b>81,960</b>

## STATEMENT OF COMPREHENSIVE INCOME, PARENT COMPANY

SEK thousand	Jan–Mar 2014	Jan–Mar 2013	Jan–Dec 2013
<b>Net result for the period</b>	<b>21,155</b>	<b>40,049</b>	<b>81,960</b>
<b>Other comprehensive income</b>			
Items that have been or may be reclassified subsequently to the income statement			
Currency translation differences	-22	-176	270
Items that may not be reclassified subsequently to the income statement			
Revaluation reserve	-	-	64,253
<b>Other comprehensive income for the period, net of tax</b>	<b>-22</b>	<b>-176</b>	<b>270</b>
<b>Total comprehensive income for the period</b>	<b>21,133</b>	<b>39,873</b>	<b>82,230</b>

## PARENT COMPANY BALANCE SHEET

### ASSETS

SEK thousand	Note	31 Mar 2014	31 Dec 2013	31 Mar 2013
Cash		5	1	3
Treasury bills and treasury bonds		1,756,549	-	-
Lending to credit institutions		1,286,948	3,582,423	3,628,260
Lending to the public		293,966	325,788	432,634
Acquired loan portfolios	2	2,560,284	2,546,122	2,408,133
Receivables from affiliated companies		3,796,447	3,493,834	1,060,729
Bonds and other securities		1,073,247	1,272,677	770,458
Shares and participations in subsidiaries		337,098	303,145	351,292
Shares and participations in joint venture		78,795	78,795	90,492
Intangible fixed assets		22,937	21,095	11,952
Tangible fixed assets		3,338	1,081	921
Other assets		22,149	51,452	14,485
Deferred tax assets		1,990	1,121	4,011
Prepaid expenses and accrued income		3,657	6,722	1,584
<b>Total assets</b>		<b>11,237,410</b>	<b>11,684,256</b>	<b>8,774,954</b>

### LIABILITIES AND SHAREHOLDERS' EQUITY

SEK thousand	Note	31 Mar 2014	31 Dec 2013	31 Mar 2013
<b>Liabilities</b>				
Deposits from the public		9,099,543	9,701,502	7,812,236
Tax liabilities		8,623	23,794	25,208
Other liabilities		253,787	198,949	281,633
Deferred tax liabilities		-	2,117	2,290
Accrued expenses and prepaid income		52,064	42,046	18,695
Provisions		136	100	94
Senior unsecured loans		729,037	665,680	-
Subordinated loans		330,076	329,231	45,900
<b>Total liabilities and provisions</b>		<b>10,473,266</b>	<b>10,963,419</b>	<b>8,186,056</b>
<b>Untaxed reserves</b>		<b>48,743</b>	<b>26,569</b>	<b>33,810</b>
<b>Shareholders' equity</b>				
<b>Restricted equity</b>				
Share capital		50,000	50,000	50,000
Capital reserves		10,000	10,000	10,000
Revaluation reserve		64,253	64,253	-
<b>Total restricted equity</b>		<b>124,253</b>	<b>124,253</b>	<b>60,000</b>
<b>Unrestricted equity</b>				
Contributed capital		275,631	275,631	181,091
Reserves		-244	-222	-668
Retained earnings		294,606	212,646	274,616
Result for the period		21,155	81,960	40,049
<b>Total unrestricted equity</b>		<b>591,148</b>	<b>570,015</b>	<b>495,088</b>
<b>Total shareholders' equity</b>		<b>715,401</b>	<b>694,268</b>	<b>555,088</b>
<b>Total liabilities and shareholders' equity</b>		<b>11,237,410</b>	<b>11,684,256</b>	<b>8,774,954</b>
<b>Pledged assets</b>		<b>5,727</b>	<b>5,724</b>	<b>5,515</b>
<b>Contingent liabilities</b>		<b>268,268</b>	<b>271,628</b>	<b>165,324</b>

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, PARENT COMPANY

SEK thousand	Restricted Equity			Unrestricted Equity				Total shareholders' equity
	Share capital	Capital Reserves	Revaluation reserve	Reserves Translation of foreign operations	Other contributed capital	Retained earnings	Result for the period	
<b>Opening balance as at 1 January 2014</b>	<b>50,000</b>	<b>10,000</b>	<b>64,253</b>	<b>-222</b>	<b>275,631</b>	<b>212,646</b>	<b>81,960</b>	<b>694,268</b>
<b>Resclassification of profit for the previous period</b>						<b>81,960</b>	<b>-81,960</b>	
<b>Comprehensive income for the period</b>								
Net profit for the period							21,155	<b>21,155</b>
Other comprehensive income				-22				<b>-22</b>
<b>Total comprehensive income for the period</b>				<b>-22</b>			<b>21,155</b>	<b>21,133</b>
<b>Balance as at 31 March 2014</b>	<b>50,000</b>	<b>10,000</b>	<b>64,253</b>	<b>-244</b>	<b>275,631</b>	<b>294,606</b>	<b>21,155</b>	<b>715,401</b>

SEK thousand	Restricted Equity			Unrestricted Equity				Total shareholders' equity
	Share capital	Capital Reserves	Revaluation reserve	Reserves Translation of foreign operations	Other contributed capital	Retained earnings	Result for the period	
<b>Opening balance as at 1 January 2013</b>	<b>50,000</b>	<b>10,000</b>	<b>-</b>	<b>-492</b>	<b>181,091</b>	<b>296,823</b>	<b>-22,207</b>	<b>515,215</b>
<b>Resclassification of profit for the previous period</b>						<b>-22,207</b>	<b>22,207</b>	
<b>Comprehensive income for the year</b>								
Net profit for the period							81,960	<b>81,960</b>
Other comprehensive income			64,253	270				<b>64,523</b>
<b>Total comprehensive income for the period</b>			<b>64,253</b>	<b>270</b>			<b>81,960</b>	<b>146,483</b>
<b>Transactions with owners, recorded directly in equity</b>								
Capital contribution					93,000*			<b>93,000</b>
Interest paid on capital contribution						-25,073		<b>-25,073</b>
Group contributions paid						-50,145		<b>-50,145</b>
Tax effect on transactions recorded directly in equity					1,540	13,248		<b>14,788</b>
<b>Total transactions with owners, recorded directly in equity</b>					<b>94,540</b>	<b>-61,970</b>		<b>32,570</b>
<b>Balance as at 31 December 2013</b>	<b>50,000</b>	<b>10,000</b>	<b>64,253</b>	<b>-222</b>	<b>275,631</b>	<b>212,646</b>	<b>81,960</b>	<b>694,268</b>

\* The nominal amount of SEK 100,000 thousand has been reduced by transaction costs.

SEK thousand	Restricted Equity			Unrestricted Equity				Total shareholders' equity
	Share capital	Capital Reserves	Revaluation reserve	Reserves Translation of foreign operations	Other contributed capital	Retained earnings	Result for the period	
<b>Opening balance as at 1 January 2013</b>	<b>50,000</b>	<b>10,000</b>	<b>-</b>	<b>-492</b>	<b>181,091</b>	<b>296,823</b>	<b>-22,207</b>	<b>515,215</b>
<b>Resclassification of profit for the previous period</b>						<b>-22,207</b>	<b>22,207</b>	
<b>Comprehensive income for the period</b>								
Net profit for the period							40,049	<b>40,049</b>
Other comprehensive income				-176				<b>-176</b>
<b>Total comprehensive income for the period</b>				<b>-668</b>			<b>40,049</b>	<b>39,873</b>
<b>Balance as at 31 March 2013</b>	<b>50,000</b>	<b>10,000</b>		<b>-668</b>	<b>181,091</b>	<b>274,616</b>	<b>40,049</b>	<b>555,088</b>

## PARENT COMPANY CASH FLOW STATEMENT

SEK thousand	Jan–Mar 2014	Jan–Mar 2013	Jan–Dec 2013
<b>OPERATING ACTIVITIES</b>			
Cash flow from collections on acquired loan portfolios	213,473	203,417	875,817
Interest income	64,660	54,353	230,859
Other operating income	16,396	10,425	28,895
Interest expense	-42,258	-7,455	-194,868
Operating expenses	-69,752	-43,873	-247,409
Net cash flow from financial transactions	-229	19,979	-10,435
Profit from joint venture	-	-	16,481
Income tax paid	-15,726	-1,695	-3,597
<b>Total</b>	<b>166,564</b>	<b>235,151</b>	<b>695,743</b>
Increase/decrease in acquired loan portfolios incl. translation differences	-148,848	-131,066	-648,708
Increase/decrease in certificates in joint venture	-	-	11,697
Increase/decrease in lending to the public	-270,791	111,541	-2,214,718
Increase/decrease in deposits from the public	-632,773	1,395,143	3,288,496
Increase/decrease in other assets	29,857	8,709	37,635
Increase/decrease in other liabilities	54,838	105,588	-27,242
Changes in other balance sheet items	-8	-142	228
<b>Total</b>	<b>-967,725</b>	<b>1,489,773</b>	<b>447,388</b>
<b>Cash flow from operating activities</b>	<b>-801,161</b>	<b>1,724,924</b>	<b>1,143,131</b>
<b>INVESTING ACTIVITIES</b>			
Investments in intangible fixed assets	-3,134	-2,582	-29,977
Investments in tangible fixed assets	-2,362	-70	-338
Investments in bonds, net	203,671	-37,786	-539,254
Investments in subsidiaries, net	-33,953	-	48,147
<b>Cash flow from investing activities</b>	<b>164,222</b>	<b>-40,438</b>	<b>-521,422</b>
<b>FINANCING ACTIVITIES</b>			
Capital contribution	-	-	93,000
Issued senior unsecured loans	63,357	-	665,680
Issued subordinated loans	-	-	329,231
Repaid subordinated loans	-	-	-45,900
Paid interest on subordinated loans	-	-	-25,073
Dividend	34,660	-	-
<b>Cash flow from financing activities</b>	<b>98,017</b>	<b>-</b>	<b>1,016,938</b>
<b>Cash flow for the period</b>	<b>-538,922</b>	<b>1,684,486</b>	<b>1,638,647</b>
<b>Cash at the beginning of the period</b>	<b>3,582,424</b>	<b>1,943,777</b>	<b>1,943,777</b>
<b>Cash at the end of the period*</b>	<b>3,043,502</b>	<b>3,628,263</b>	<b>3,582,424</b>

\* Includes cash, treasury bills and lending to credit institutions

# Accounting Policies

The consolidated financial accounts for Hoist Kredit AB (publ) are prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and the interpretation statements from the IFRS Interpretation Reporting Committee as approved by the EU Commission.

In addition, according to the Swedish Annual Accounts Act (1995:1559) for Credit Institutions and Securities Companies (ÅRKL),

UFR statements issued by the Swedish Financial Reporting Board as well as the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25) have been applied.

These statements are prepared, in all material aspects, in accordance with the IAS 34 "Interim Financial Reporting".

The accounting policies and basis for calculations are, in all material aspects, unchanged in comparison to the 2013 Annual Report.

# Notes

## NOTE 1 Segment reporting

Segment reporting has been prepared to reflect how the executive management monitors operations, which is different from the statutory accounts. The material differences are as follows:

- Total revenue refers to revenue from acquired loan portfolios, the run-off consumer loan portfolio, servicing income and certain other income. Profit from joint venture is included.
- Intra-group invoicing to and from the Parent Company, Hoist International AB (publ) is accounted on a net basis, which affects both income and expenses
- Financial net contains interest income other than from loan portfolios, interest expense and net profit from financial transactions.

With respect to the balance sheet, only acquired loan portfolios are monitored, while other assets and liabilities are not monitored on a segment-by-segment basis.

### GROUP January - March 2014

SEK thousand	Group	Segment BeNeLux	Segment France	Segment Great Britain	Segment Italy	Segment Poland	Segment Germany	Central Functions and eliminations
Total revenue	357,720	41,329	13,209	110,160	26,235	65,798	100,726	262
Operating expenses	-238,685	-20,116	-20,254	-71,320	-9,220	-11,791	-54,135	-51,849
Financial items	-71,168	-16,067	-6,118	-17,091	-3,692	-11,172	-24,976	7,949
Earnings before tax	47,867	5,146	-13,163	21,749	13,323	42,835	21,615	-43,638

### GROUP January - March 2013

SEK thousand	Group	Segment BeNeLux	Segment France	Segment Great Britain	Segment Italy	Segment Poland	Segment Germany	Central Functions and eliminations
Total revenue	228,566	17,063	18,478	36,315	31,603	10,743	114,444	-79
Operating expenses	-147,907	-9,164	-15,272	-33,054	-7,896	-239	-50,242	-32,039
Financial items	-19,540	-3,526	-5,983	-4,864	-4,297	-2,548	-24,065	25,743
Earnings before tax	61,119	4,373	-2,777	-1,603	19,410	7,956	40,137	-6,375

### GROUP January - December 2013

SEK thousand	Group	Segment BeNeLux	Segment France	Segment Great Britain	Segment Italy	Segment Poland	Segment Germany	Central Functions and eliminations
Total revenue	1,275,096	93,395	68,065	337,754	99,016	218,470	468,170	-9,774
Operating expenses	-937,565	-47,490	-74,686	-287,050	-22,465	-61,250	-246,470	-198,154
Financial items	-174,512	-24,746	-25,254	-38,564	-16,455	-26,236	-98,747	55,490
Earnings before tax	163,019	21,159	-31,875	12,140	60,096	130,984	122,953	-152,438

### Acquired loans

### GROUP

SEK thousand	Group	Segment BeNeLux	Segment France	Segment Great Britain	Segment Italy	Segment Poland	Segment Germany
31 March 2014							
Run-off consumer loan portfolio	178,379						178,379
Acquired loan portfolios	6,196,694	1,498,252	470,244	1,317,470	293,582	809,896	1,807,250
Shares and participations in joint venture	203,838					203,838	
Acquired loans	6,578,911	1,498,252	470,244	1,317,470	293,582	1,013,734	1,985,629
31 March 2013							
Run-off consumer loan portfolio	314,714						314,714
Acquired loan portfolios	3,320,131	333,930	466,935	340,354	335,415	129,613	1,713,884
Shares and participations in joint venture	177,250					177,250	
Acquired loans	3,812,095	333,930	466,935	340,354	335,415	306,863	2,028,597
31 December 2013							
Run-off consumer loan portfolio	209,373						209,373
Acquired loan portfolios	5,997,935	1,293,341	478,548	1,312,769	308,327	778,646	1,826,305
Shares and participations in joint venture	192,230					192,230	
Acquired loans	6,399,538	1,293,341	478,548	1,312,769	308,327	970,876	2,035,678

NOTE 1 Segment reporting

**ERC (Estimated Remaining Collections)**

SEK thousand	Group	Segment BeNeLux	Segment France	Segment Great Britain	Segment Italy	Segment Poland	Segment Germany
31 March 2014							
ERC	10,957,820	2,339,650	939,042	2,450,336	454,787	1,585,910	3,188,094
31 March 2013							
ERC	5,684,646	488,687	834,148	599,216	658,061	26,555	3,077,978
31 December 2013							
ERC	10,672,576	1,803,875	949,188	2,588,411	486,303	1,591,686	3,253,114

The operations of the Group are presented in the geographical segmentation. The segment reporting of the Parent Company is, therefore, not presented separately.

SEK thousand	GROUP			PARENT COMPANY		
	Jan-Mar 2014	Jan-Mar 2013	Jan-Dec 2013	Jan-Mar 2014	Jan-Mar 2013	Jan-Dec 2013
<b>Net revenue</b>						
Germany	80,331	82,651	395,495	34,598	37,334	195,668
Austria	3,616	-	8,963	2,117	-	3,454
France	11,591	16,751	14,214	-	-	-
Benelux	41,330	17,255	95,836	15,814	17,255	75,110
Italy	26,235	32,196	101,739	26,234	32,196	101,739
UK	78,191	13,874	209,793	-	-	-
Poland	53,844	3,672	182,277	24	338	3,899
<b>Total net revenue</b>	<b>295,137</b>	<b>166,399</b>	<b>1,008,317</b>	<b>78,787</b>	<b>87,123</b>	<b>379,870</b>

SEK thousand	GROUP			PARENT COMPANY		
	Jan-Mar 2014	Jan-Mar 2013	Jan-Dec 2013	Jan-Mar 2014	Jan-Mar 2013	Jan-Dec 2013
<b>Gross cash collections</b>						
Germany	147,159	146,700	649,004	101,426	101,382	449,177
Austria	6,959	-	18,540	5,460	-	13,031
France	30,171	25,587	99,560	-	-	-
Benelux	127,717	45,208	239,255	56,030	45,208	198,181
Italy	50,152	56,441	212,974	50,152	56,441	212,974
UK	132,677	34,451	250,267	-	-	-
Poland	40,687	3,720	171,407	405	386	2,454
<b>Total gross cash collections</b>	<b>535,522</b>	<b>312,107</b>	<b>1,641,007</b>	<b>213,473</b>	<b>203,417</b>	<b>875,817</b>

SEK thousand	GROUP			PARENT COMPANY		
	Jan-Mar 2014	Jan-Mar 2013	Jan-Dec 2013	Jan-Mar 2014	Jan-Mar 2013	Jan-Dec 2013
<b>Amortisation of acquired loan portfolios</b>						
Germany	-66,828	-64,048	-253,509	-66,828	-64,048	-253,509
Austria	-3,343	-	-9,577	-3,343	-	-9,577
France	-18,580	-8,836	-85,346	-	-	-
Benelux	-86,387	-27,953	-143,419	-40,216	-27,953	-123,071
Italy	-23,917	-24,245	-111,235	-23,918	-24,245	-111,235
UK	-54,487	-20,577	-40,474	-	-	-
Poland	13,157	-48	10,870	-381	-48	1,445
<b>Total amortisation</b>	<b>-240,385</b>	<b>-145,707</b>	<b>-632,690</b>	<b>-134,686</b>	<b>-116,294</b>	<b>-495,947</b>

SEK thousand	GROUP			PARENT COMPANY		
	31 Mar 2014	31 Dec 2013	31 Mar 2013	31 Mar 2014	31 Dec 2013	31 Mar 2013
<b>Carrying value per geographical region</b>						
Germany	1,779,213	1,794,924	1,713,884	1,779,217	1,794,927	1,713,887
France	470,244	478,548	466,935	-	-	-
Benelux	1,498,252	1,293,341	333,930	431,167	382,703	333,930
Italy	293,582	308,327	335,415	293,582	308,327	335,415
United Kingdom	1,317,470	1,312,769	340,354	-	-	-
Poland	809,896	778,645	129,613	28,281	28,784	24,901
Austria	28,037	31,381	-	28,037	31,381	-
<b>Total carrying value</b>	<b>6,196,694</b>	<b>5,997,935</b>	<b>3,320,131</b>	<b>2,560,284</b>	<b>2,546,122</b>	<b>2,408,133</b>

## NOTE 2 Acquired loan portfolios

SEK thousand	GROUP			PARENT COMPANY		
	31 Mar 2014	31 Dec 2013	31 Mar 2013	31 Mar 2014	31 Dec 2013	31 Mar 2013
Opening balance	5,997,935	3,363,907	3,363,907	2,546,122	2,393,361	2,393,361
Acquisitions	433,702	3,265,806	221,066	145,660	619,136	198,517
Divestments	-	-117,170	-	-	-	-
Translation differences	5,442	118,082	-119,134	3,188	29,572	-67,451
Changes in carrying value						
Based on opening balance forecast (amortisation)	-240,385	-627,120	-145,708	-134,686	-537,483	-116,294
Based on revised estimates (revaluation)	-	-5,570	-	-	41,536	-
<b>Carrying value</b>	<b>6,196,694</b>	<b>5,997,935</b>	<b>3,320,131</b>	<b>2,560,284</b>	<b>2,546,122</b>	<b>2,408,133</b>
Changes in carrying value recognised in the income statement	-240,385	-632,690	-145,708	-134,686	-495,947	-116,294

SEK thousand	Whereof fair value					
	GROUP			PARENT COMPANY		
	31 Mar 2014	31 Dec 2013	31 Mar 2013	31 Mar 2014	31 Dec 2013	31 Mar 2013
Opening balance	1,607,061	1,768,134	1,768,134	1,295,106	1,405,713	1,405,713
Acquisitions	-	-	-	-	-	-
Divestments	-	-	-	-	-	-
Translation differences	934	66,978	-57,149	752	53,250	-45,435
Changes in carrying value						
Based on opening balance forecast (amortisation)	-47,782	-183,013	-44,744	-40,965	-165,442	-40,829
Based on revised estimates (revaluation)	-	-45,038	-	-	1,585	-
<b>Carrying value</b>	<b>1,560,213</b>	<b>1,607,061</b>	<b>1,666,241</b>	<b>1,254,893</b>	<b>1,295,106</b>	<b>1,319,449</b>
Changes in carrying value recognised in the income statement	-47,782	-228,051	-44,744	-40,965	-163,857	-40,829

## Sensitivity analysis

Even though Hoist Finance believes that the assumptions made for the assessment of fair value are reasonable, another fair value can be obtained by applying other methods and other assumptions. For a Level 3 fair value, a reasonable change in one or several assumptions would have the following impact upon the result:

SEK thousand	GROUP		
	31 Mar 2014	31 Dec 2013	31 Mar 2013
<b>Carrying value of acquired loan portfolios</b>	<b>6,196,694</b>	<b>5,997,935</b>	<b>3,320,131</b>
In case the estimated cash flow over the forecast period is increased by 5 per cent, the carrying value would increase by	291,915	298,083	166,504
In case the estimated cash flow over the forecast period is decreased by 5 per cent, the carrying value would decrease by	-291,924	-293,704	-166,301
<b>Carrying value of portfolios acquired prior to 1 July 2011</b>	<b>1,560,213</b>	<b>1,607,061</b>	<b>1,666,241</b>
In case the IRR would be decreased by 1 percentage unit, the carrying value would increase by	48,039	51,104	51,874
In case the IRR would be increased by 1 percentage unit, the carrying value would decrease by	-45,400	-48,231	-48,994

## Portfolios valued at fair value through profit or loss

The Group has chosen to categorise portfolios acquired prior to 1 July 2011 as valued at fair value through profit or loss as these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with the Group's risk management policies. Information about portfolios is provided internally on that basis to the Group's management team. The underlying concept for valuation at fair value is to assess the book value of an asset by using the best available price for the asset. Loan portfolios are typically not traded publicly and consequently there are no market prices available. Most players in the industry, however, apply similar pricing methods for portfolio acquisitions and calculate the present value of cash flows that correspond to the market value of a portfolio.

In order to assess fair value, the three main influencing aspects

are: (i) the gross collections forecast, (ii) the cost level and (iii) the internal rate of return. Every month, the Group will look at the forward ten years' net collection forecasts for all portfolios and discount the forecasts. The portfolio forecast curve that is initially used for the purpose of the monthly calculations of the fair value is the acquisition curve of the portfolio. These curves represent the basis for the calculation of the fair value for each portfolio. The result then represents the new fair value of the portfolio.

The discount rate that corresponds to the market rate of return is updated continuously and reflects actual rate of return on relevant and comparable transactions in the market. In addition to the weighted average cost of capital (WACC), Hoist also applies a liquidity premium of 4 per cent, which results in an internal rate of return of 12 per cent and is in line with the prevailing market situation.

## Fair value measurements

### Group

The Group uses observable data to the greatest possible extent when assessing the fair value of an asset or a liability. Fair values are categorised in different levels in a hierarchy of fair values based on the indata used in the valuation approach according to the following:

- Level 1) Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2) Based on directly or indirectly observable market information not included in Level 1. This category includes instruments valued based on quoted prices on active markets for similar instruments, quoted prices for identical or similar instruments that are traded on markets that are not active or other valuation techniques where all important indata is directly or indirectly observable in the market.

Level 3) Based on indata that is not observable in the market. This category includes all instruments where the valuation technique is based on data that is not observable and has substantial impact upon the valuation.

The following table presents the Group's financial instruments in the balance sheet for information purpose and, therefore, measured at fair value:

## NOTE 2 Acquired loan portfolios

GROUP, 31 MARCH 2014				
SEK thousand	Level 1	Level 2	Level 3	Total
Acquired loan portfolios				
- of which at fair value	-	-	1,560,213	1,560,213
- of which at amortised cost	-	-	4,798,288	4,798,288
Bonds and other interest-bearing securities	2,854,796	-	-	2,854,796
Derivatives	-	-	-	-
<b>Total assets</b>	<b>2,854,796</b>	<b>-</b>	<b>6,358,501</b>	<b>9,213,297</b>
Derivatives	-	70,526	-	70,526
Senior unsecured loans	-	755,625	-	755,625
Subordinated loans	-	388,850	-	388,850
<b>Total liabilities</b>	<b>-</b>	<b>1,215,001</b>	<b>-</b>	<b>1,215,001</b>

GROUP, 31 DECEMBER 2013				
SEK thousand	Level 1	Level 2	Level 3	Total
Acquired loan portfolios				
- of which at fair value	-	-	1,607,061	1,607,061
- of which at amortised cost	-	-	4,532,981	4,532,981
Bonds and other interest-bearing securities	1,272,677	-	-	1,272,677
Derivatives	-	25,951	-	25,951
<b>Total assets</b>	<b>1,272,677</b>	<b>25,951</b>	<b>6,140,042</b>	<b>7,438,670</b>
Derivatives	-	16,329	-	16,329
Senior unsecured loans	-	676,000	-	676,000
Subordinated loans	-	381,500	-	381,500
<b>Total liabilities</b>	<b>-</b>	<b>1,073,829</b>	<b>-</b>	<b>1,073,829</b>

GROUP, 31 MARCH 2013				
SEK thousand	Level 1	Level 2	Level 3	Total
Acquired loan portfolios				
- of which at fair value	-	-	1,666,241	1,666,241
- of which at amortised cost	-	-	1,653,890	1,653,890
Bonds and other interest-bearing securities	770,458	-	-	770,458
Derivatives	-	718	-	718
<b>Total assets</b>	<b>770,458</b>	<b>718</b>	<b>3,320,131</b>	<b>4,091,307</b>
Derivatives	-	4,420	-	4,420
Subordinated loans	-	45,900	-	45,900
<b>Total liabilities</b>	<b>-</b>	<b>50,320</b>	<b>-</b>	<b>50,320</b>

PARENT COMPANY, 31 MARCH 2014				
SEK thousand	Level 1	Level 2	Level 3	Total
Acquired loan portfolios				
- of which at fair value	-	-	1,254,893	1,254,893
- of which at amortised cost	-	-	1,435,361	1,435,361
Bonds and other interest-bearing securities	2,829,796	-	-	2,829,796
Derivatives	-	-	-	-
<b>Total assets</b>	<b>2,829,796</b>	<b>-</b>	<b>2,690,254</b>	<b>2,520,050</b>
Derivatives	-	70,526	-	70,526
Senior unsecured loans	-	755,625	-	755,625
Subordinated loans	-	388,850	-	388,850
<b>Total liabilities</b>	<b>-</b>	<b>1,215,001</b>	<b>-</b>	<b>1,215,001</b>

## NOTE 2 Acquired loan portfolios

PARENT COMPANY, 31 DECEMBER 2013				
SEK thousand	Level 1	Level 2	Level 3	Total
Acquired loan portfolios				
- of which at fair value	-	-	1,295,106	1,295,106
- of which at amortised cost	-	-	1,384,249	1,384,249
Bonds and other interest-bearing securities	1,272,677	-	-	1,272,677
Derivatives	-	25,951	-	25,951
<b>Total assets</b>	<b>1,272,677</b>	<b>25,951</b>	<b>2,679,355</b>	<b>3,977,983</b>
Derivatives	-	16,329	-	16,329
Senior unsecured loans	-	676,000	-	676,000
Subordinated loans	-	381,500	-	381,500
<b>Total liabilities</b>	<b>-</b>	<b>1,073,829</b>	<b>-</b>	<b>1,073,829</b>

PARENT COMPANY, 31 MARCH 2013				
SEK thousand	Level 1	Level 2	Level 3	Total
Acquired loan portfolios				
- of which at fair value	-	-	1,319,449	1,319,449
- of which at amortised cost	-	-	1,088,684	1,088,684
Bonds and other interest-bearing securities	770,458	-	-	770,458
Derivatives	-	718	-	718
<b>Total assets</b>	<b>770,458</b>	<b>718</b>	<b>2,408,133</b>	<b>3,179,309</b>
Derivatives	-	4,420	-	4,420
Subordinated loans	-	45,900	-	45,900
<b>Total liabilities</b>	<b>-</b>	<b>50,320</b>	<b>-</b>	<b>50,320</b>

## NOTE 3 Transactions with Related Parties

No material changes have incurred since the 2013 Annual Report.

## NOTE 4 Capital Adequacy

The information in this Note contains such information as is to be disclosed in accordance with FFFS 2008:25 regarding annual reports for credit institutions and concerns such information as is specified in FFFS 2007:5. The information relates to the Hoist Kredit AB (publ) consolidated situation. The only difference in the consolidation basis between the consolidated accounts and the consolidated situation is that the equity method is applied in the consolidated accounts, whereas proportionate consolidation is applied in the consolidated situation concerning joint ventures.

The Regulation No 575/2013 of the European Parliament and of the Council, the Capital Coverage and Large Exposures Act (2006:1371)

and FFFS 2007:1 with amendments are used to conclude the statutory capital demand. The purpose of the rules is to ensure that the regulated entity and its consolidated situation are managing their risks and to protect the Group's depositors. The regulations state that the capital base is to cover the capital requirement including the minimum capital requirement (the capital requirement for Credit Risk, Market Risk and Operational Risk) and the capital requirement for all other material risks i.e. Pillar II.

Since the beginning of the year, the Company also needs to comply to the minimum statutory requirements concerning core primary capital (4.5%), Tier I capital (6%) and total capital (8%) in relation to the risk exposure amount.

The capital situation of the consolidated situations can be summarised as follows:

SEK thousand	31 Mar 2014	31 Dec 2013	31 Mar 2013
Total credit exposure	11,413,823	12,014,671	8,653,003
Total risk exposure amount	8,402,308	8,806,511	5,928,457
<b>Pillar I</b>			
<b>Credit Risk (standardised approach)</b>	<b>576,984</b>	<b>622,384</b>	<b>389,611</b>
<i>Institutions</i>	39,225	82,736	73,650
<i>Retail, past due items</i>	513,243	496,413	278,991
<i>Retail</i>	11,303	13,162	19,483
<i>Corporate</i>	12,778	17,126	10,186
<i>Other</i>	435	12,947	7,301
<b>Operational Risk (basic indicator approach)</b>	<b>93,379</b>	<b>77,789</b>	<b>81,389</b>
<b>Foreign Exchange Risk</b>	<b>1,822</b>	<b>4,346</b>	<b>3,276</b>
<b>Capital requirement Pillar I</b>	<b>672,185</b>	<b>704,519</b>	<b>474,276</b>
<b>Eligible capital</b>	<b>1,012,523</b>	<b>1,023,085</b>	<b>563,465</b>

Financial Group (consolidated basis) - calculation of eligible capital

SEK thousand	31 Mar 2014	31 Dec 2013	31 Mar 2013
<b>Core primary capital</b>	<b>487,907</b>	<b>500,854</b>	<b>463,465</b>
<i>Core primary capital in capital adequacy</i>	653,602	622,440	546,111
<i>Proposed dividend</i>	-	-	-
<i>Intangible fixed assets</i>	-63,085	-64,280	-45,551
<i>Deferred tax assets</i>	-56,607	-57,306	-37,095
<i>Profit for the interim period</i>	-38,504	-	-
<i>Proposed dividend Tier I capital</i>	-7,500	-	-
<b>Tier I capital</b>	<b>194,540</b>	<b>193,000</b>	<b>100,000</b>
<b>Tier II capital</b>	<b>330,076</b>	<b>329,231</b>	<b>-</b>
<b>Eligible capital</b>	<b>1,012,523</b>	<b>1,023,085</b>	<b>563,465</b>
<b>Core primary capital ratio</b>	<b>5.81%</b>	<b>5.69%</b>	<b>7.82%</b>
<b>Tier I capital ratio</b>	<b>8.12%</b>	<b>7.88%</b>	<b>9.50%</b>
<b>Total capital ratio</b>	<b>12.05%</b>	<b>11.62%</b>	<b>9.50%</b>

Hoist Finance has a wide margin to the lowest statutory requirements for core primary capital, Tier I capital and total capital. There are no current or foreseeable material or legal impediments to the prompt transfer of own funds or repayment of liabilities between the companies and subsidiaries.

