

# Interim Report January - June 2014

Gross cash collections

**SEK 1.2 bn** 

Portfolio acquisitions

**SEK 1.3 bn** 

EBIT margin

**33%**

Capital adequacy ratio

**13.24%**

- Gross cash collections in January - June 2014 totalled SEK 1,151 million, an increase of 75 per cent compared to January - June 2013 (SEK 657 million).
- Total revenue<sup>1</sup> in January - June 2014 was SEK 759 million (SEK 490 million adj. for revaluations), up 55 per cent on the first half of 2013.
- EBIT<sup>1</sup> totalled SEK 253 million in January - June 2014, corresponding to an EBIT margin of 33 per cent. In January - June 2013, EBIT totalled SEK 138 million with a corresponding EBIT margin of 28 per cent.
- Portfolio acquisitions of SEK 1,330 million in January - June 2014, an increase of 30 per cent relative to the same period in 2013.
- Carrying value<sup>2</sup> as at 30 June 2014 of SEK 7,386 million (SEK 4,450 million as at 30 June 2013).
- Gross 120 month ERC<sup>4</sup> on acquired loan portfolios of SEK 12,182 million as at 30 June 2014 (SEK 7,298 million as at 30 June 2013).
- Cash flow from operating activities totalled SEK -1,822 million in January - June 2014 (SEK 1,839 million in January - June 2013).
- Total capital ratio of 13.24 per cent of REA<sup>5</sup> as of 30 June 2014 (12.94 per cent as at 30 June 2013).
- Private placement to Toscafund of SEK 333 million in May.

SEK million	Apr-Jun 2014	Apr-Jun 2013	Change	Jan-Jun 2014	Jan-Jun 2013	Change	Full year 2013
Net revenue from directly owned portfolios <sup>3</sup>	347	221	+57%	653	412	+58%	1 083
Revenue from servicing	30	25	+20%	59	51	+16%	121
Profit from joint venture	13	8	+65%	25	15	+66%	36
Other income	11	7	+53%	22	12	+85%	40
<b>Total revenue<sup>3</sup></b>	<b>401</b>	<b>261</b>	<b>+54%</b>	<b>759</b>	<b>490</b>	<b>+55%</b>	<b>1 281</b>
<b>EBIT<sup>3</sup></b>	<b>134</b>	<b>57</b>	<b>+134%</b>	<b>253</b>	<b>138</b>	<b>+83%</b>	<b>343</b>
<i>EBIT margin<sup>3</sup></i>	<i>33%</i>	<i>22%</i>	<i>+11pp</i>	<i>33%</i>	<i>28%</i>	<i>+5pp</i>	<i>27%</i>

<sup>1</sup> Including interest income from run-off consumer loan portfolio, revenue from servicing, profit from joint venture and other income, net of intra-group items. Adjusted for portfolio revaluations of SEK +7 million in January - June 2013.

<sup>2</sup> Acquired loan portfolios, run-off consumer loan portfolio and shares and participations in joint venture.

<sup>3</sup> Including interest income from run-off consumer loan portfolio, revenue from servicing, profit from joint venture and other income, net of intra-group items. Adjusted for portfolio revaluations of SEK +7 million in January - June 2013 and SEK -6 million in 2013.

<sup>4</sup> Estimated Remaining Collections.

<sup>5</sup> Risk Exposure Amount; includes capital requirements for operational, market and credit risks.

# Comment from the CEO

## **Towards an IPO together with a leading investor**

Having completed the first half of 2014, we can conclude that our performance has confirmed the expectations we laid out in our latest annual report. We have been successful in our determined strategy of repositioning our business to become a trusted partner to global banks and financial institutions, proven by further strengthened positions across our core markets. In January – June 2014 we completed portfolio acquisitions of SEK 1.3 billion, maintaining our position as one of the largest buyers of non-performing unsecured consumer loans in Europe. In the second quarter of 2014 we announced the 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 in 2013. In April, Hoist Finance acquired the portfolio in Italy from our long-term servicing partner TRC Spa, marking an important strategic step to strengthen our position in the Italian market.

I am pleased to see that our strategy of balanced growth and operational excellence has generated a 75 per cent increase in gross cash collections in the first half of 2014 compared to 2013. Additionally our EBIT margin saw improvement from 28 per cent in January – June 2013 to 33 per cent in the same period 2014.

The second quarter of 2014 also marked an important milestone in Hoist Finance's roadmap through the private placement to Toscafund, thereby strengthening the capital base by SEK 333 million. The transaction is a stamp of approval for our business model and will allow Hoist Finance to continue to exploit attractive market opportunities, solidifying our position as a leading debt restructuring partner to global financial institutions.

The market will continue to bring interesting opportunities in the short to medium term as Europe's banks restructure their balance sheets as a result of the implementation of the Basel III regulations. In connection with the private placement, the Board of Directors' decision to aim for a listing of Hoist Finance in the second quarter of 2015 was confirmed, provided that market conditions remain favourable. I look forward to embark upon this exciting and enthralling journey together with the Hoist Finance team.

*Jörgen Olsson*  
*Chief Executive Officer*

# January – June 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 75 per cent to SEK 1,151 million in January – June 2014 from SEK 657 million in the first half year of 2013, due to the high acquisition activity throughout 2013 and the first part of 2014. Net revenue from acquired loan portfolios totalled SEK 632 million in January – June 2014, compared to SEK 374 million (SEK 366 million adjusted for portfolio revaluations) in the same period 2013. Interest income from the run-off consumer loan portfolio, accounted for in interest income, was down by SEK 25 million to SEK 21 million in the first half of 2014 (SEK 46 million in the corresponding period of 2013) as a consequence of amortisation. Total net revenue from directly-owned portfolios was thus SEK 653 million in January – June 2014, an increase of 58 per cent compared to the same period in 2013 (SEK 412 million excluding portfolio revaluations).

Revenue from servicing activities increased by 16 per cent in the first half of 2014 to SEK 59 million primarily as a result of the acquisition of the Lewis group in the UK in August 2013. The profit from the joint venture in Poland was up 66 per cent to SEK 25 million due to a weaker start of 2013. The book value of the holding in the joint venture was SEK 219 million at the end of June 2014 (SEK 191 million at the end of June 2013).

Hoist International AB (publ) operates as the Group's purchasing unit for intra-group and external services. These costs are further invoiced by Hoist International AB (publ) to the other Group companies based on the utilisation of such services and are, therefore, included in the operating expenses of the Hoist Kredit AB (publ) Group at a corresponding amount. Other income of SEK 82 million includes income from Hoist International AB (publ) of SEK 60 million, with a corresponding amount included in the operating expenses. The net amount, adjusted for intra-group items, for January – June 2014 is thus SEK 22 million (SEK 12 million in January – June 2013) and refers mainly to legal costs recovered from debtors (income other than gross cash collections) in Hoist Finance's UK operation.

Total revenue from operations increased by 53 per cent to SEK 759 million in the first half of 2014, compared to SEK 497 million in the corresponding period of 2013 (SEK 490 million adjusted for portfolio revaluations of SEK +7 million).

### Financial items

Net interest items refer to the net amount of interest income less interest income attributable to the run-off consumer loan portfolio and interest expenses. Interest income less interest income attributable to the run-off consumer loan portfolio decreased to SEK 23 million in January – June 2014, compared to SEK 41 million in January – June 2013 as a consequence of lower market rates, reallocation to lower-yielding assets (see comments below under cash flow) and a slight decrease in liquidity. Interest expenses have increased from SEK -124 million in January – June 2013 to SEK -166 million in January – June 2014, primarily driven from our strategy to extend the maturity and diversify the funding base with two bond

issues in the second half of 2013 (subordinated loans and senior unsecured loans), which have increased the average funding cost slightly.

Net income from financial transactions totalled SEK -4 million in the first half of 2014 compared to SEK 12 million in the corresponding period 2013. This line refers to items related to hedging arrangements and changes in market values of these financial instruments. Hoist Finance has instruments in place to hedge currency- and interest rate risk. In January – June 2013, the income primarily related to hedging currency exposures where the changes in value of the hedged items were posted directly in equity (see under Comprehensive income). These accounting policies were changed in the second half of 2013 when the so-called hedge accounting was implemented and both items are now posted directly in equity. The negative impact for January – June 2014 relates mainly to an interest rate swap used for hedging funding cost for up to twelve months. Provided that the market rates have been falling, the market value of the swap is negative. A corresponding, but positive, effect will be seen over time as deposit rates also have been lowered.

### Operating expenses

Operating expenses, net of intra-group items (as described above under Other income), totalled SEK 506 million in January – June 2014, an increase of 44 per cent over the same period in 2013. Throughout 2013 and the first half of 2014, Hoist Finance has pursued an active and balanced growth strategy, including portfolio acquisitions and the acquisition of the Lewis group Ltd in August 2013, which has been subsequently integrated into Robinson Way Ltd. In addition, during 2013 and 2014, Hoist Finance has strengthened its central functions appointing and reinforcing key roles within the Group.

Depreciation and amortisation totalled SEK -10 million in January – June 2014, compared to SEK -8 million in the same period 2013.

### Consolidated profit before tax and Net profit

The consolidated profit before tax totalled SEK 106 million in January – June 2014, up 42 per cent compared to the first half of 2013. The reported income tax in January – June 2014 totalled SEK -23 million (SEK -26 million in the first half of 2013), corresponding to approximately 22 per cent of the consolidated profit before tax.

The comprehensive income, including currency translation differences recorded directly in shareholders' equity, was SEK 87 million in the first two quarters of 2014, an increase from SEK 41 million in the same period in 2013.

## Cash flow and investments

SEK million	Jan–Jun 2014	Jan–Jun 2013	Change	31 Dec 2013
Cash flow from operating activities	-1,822	1,839	-199%	1,275
Cash flow from investing activities	-161	-167	-4%	-613
Cash flow from financing activities	392	329	19%	1,017
<b>Cash flow for the period</b>	<b>-1,591</b>	<b>2,001</b>	<b>-180%</b>	<b>1,679</b>

Cash flow from operating activities totalled SEK -1,822 million in January – June 2014 compared to SEK 1,839 million for the same period in 2013, primarily as a result of a high portfolio acquisition activity in the first half of 2014 and lower deposits. In 2013, Hoist Finance built up a liquidity position to accommodate expected portfolio acquisitions in 2013 and the beginning of 2014. In the second half of 2013 Hoist Finance diversified its funding base through the issue of SEK 1.1 billion in subordinated loans and senior unsecured loans.

Prior to the implementation of the new regulatory framework (reported as CoRep), institutions in Sweden with turnover greater than

SEK 100 billion were obliged to comply with domestic liquidity ratios. Since end of March this year, CoRep is now mandatory for all institutions. Hoist Finance started to reallocate its liquidity reserves in January, in order to orient its ratios into relevant levels. This has resulted in a significant increase in T-Bills/T-Bonds and covered bonds, and decrease in bank-issued senior debt and corporate non-investment grade senior debt. During the first six months of 2014, Hoist Finance invested SEK 1,259 million in treasury bills.

Total cash flow for January – June 2014 was SEK -1,591 million compared to SEK 2,001 million for the same period in 2013.

## Financing and capital structure

SEK million	30 Jun 2014	30 Jun 2013	Change	31 Dec 2013
Deposits	8,913	8,737	2%	9,702
Subordinated loans	331	236	40%	329
Senior unsecured loans	740	-	n.m	666
Shareholders' equity	1,232	765	61%	825
Total assets	11,685	10,070	16%	12,074
Cash and interest-bearing securities	3,787	5,133	-26%	5,219
<b>Liquidity reserve</b>	<b>42%</b>	<b>59%</b>	<b>-17pp</b>	<b>54%</b>

Cash and interest-bearing securities totalled SEK 3,787 million as at 30 June 2014 (SEK 5,133 million as at 30 June 2013), corresponding to a liquidity reserve of 42 per cent, which by far exceeds Hoist Finance's internal targets for liquidity reserves for its deposit operations of 30 per cent.

In May 2014, Hoist Finance completed a private placement to Toscafund of SEK 333 million in gross proceeds. The private placement was made in Hoist International AB (publ) with a subsequent new share issue in Hoist Kredit AB (publ). The new share issue strengthened the capital base of Hoist Finance to 13.24 per cent of REA (Risk Exposure Amount) as at 30 June 2014 compared to 12.94 per cent as at 30 June 2013. Shareholders' equity has increased from SEK 765 million as at 30 June 2013 to SEK 1,232 million as at 30 June 2014.

Hoist Finance continues to evaluate opportunities to further

diversify the funding base through other types of long-term financing, including EUR-nominated bonds, in order to accommodate the opportunities in the European debt purchase market as they arise.

In January 2014 the new Capital Requirements Regulation was enforced in Europe, and in the beginning of August 2014, the new Capital Requirements Directive will be enforced in Sweden, together commonly referred to as the Basel III regulatory framework. Hoist Finance has planned its capital management with regards to the new regulations and is well capitalised in relation to the new capital requirement levels. Furthermore, Hoist Finance expects that the new regulatory framework will continue to bring interesting investment opportunities as Europe's banks restructure their balance sheets in order to meet the new requirements.

## Acquired loan portfolios

During the first half of 2014 Hoist Finance completed portfolio acquisitions of SEK 1,330 million – an increase of 30 per cent compared to the same period in 2013. The strong portfolios acquisition activity is in line with the expectations concerning underlying market growth and the capacity of Hoist Finance to complete large and complex transactions. In April 2014, Hoist Finance announced a second large transaction in the Netherlands, acquiring an additional portfolio and entering a forward-flow agreement with Credit Agricole Consumer Finance Nederland B.V. This transaction represents a continuation to the deal

completed in autumn 2013. Also, in April Hoist Finance acquired the portfolio of TRC Spa, its long-term Italian servicing partner. The portfolio consists of approximately 800,000 claims, primarily non-performing consumer loans.

The carrying value of acquired loan portfolios totalled SEK 7,011 million as at 30 June 2014, compared to SEK 3,966 million as at 30 June 2013. The corresponding Gross ERC 120 months grew by 67 per cent from SEK 7,298 million as at 30 June 2013 to SEK 12,182 million as at 30 June 2014.

SEK million	30 Jun 2014	30 Jun 2013	Change	31 Dec 2013
Portfolio acquisitions	1,330	1,021	30%	3,266
Carrying value at year-end	7,011	3,966	77%	5,998
Gross ERC 120 months	12,182	7,298	67%	10,673

*Excluding the run-off consumer loan portfolio and portfolios in the joint venture BEST.*

## Segment overview

Segment reporting is provided in Note 1 in the Financial statements.

### Germany incl. Austria

SEK million	Jan–Jun 2014	Jan–Jun 2013	Change	Full year 2013
Gross cash collections	310	315	-2%	668
Net revenue	155	183	-15%	404
Total revenue	189	243	-22%	468
Operating expenses	-115	-112	2%	-246
EBIT	74	130	-43%	222
EBIT margin	39%	54%	-15pp	47%
Earnings before tax	24	80	-70%	123
Carrying value acquired loans	2,010	2,086	-4%	2,036
Gross ERC 120m	3,235	3,214	1%	3,253

Gross cash collections (down by SEK 5 million in January – June 2014 compared to January – June 2013), carrying value (a decrease to SEK 2,010 million as per 30 June 2014 compared to SEK 2,086 million as per 30 June 2013) and ERC (up SEK 21 million on a year-to-year basis) remained roughly on the same level. Net revenue on acquired loan portfolios was 15 per cent down in the first six months of 2014 compared to the same period in 2013, mainly due to two major items. Firstly, interest income from the run-off consumer loan portfolio was SEK 25 million lower in January – June 2014 compared to the same period in 2013. Secondly, a substantial secured asset had a positive

impact in the first half of 2013 ahead of a planned realisation of the asset. The realisation has subsequently been delayed, having a negative impact on earnings.

Total revenue in January – June 2014 was SEK 54 million lower compared to the same period in 2013 reflecting the above.

Operating expenses in the first half of 2014 at SEK -115 million were in line with January – June 2014, reflecting the collection activity.

In the first half of 2014, Hoist Finance has successfully reinforced its position in Austria, with positive incremental effect upon gross cash collections and earnings.

## France

SEK million	Jan-Jun 2014	Jan-Jun 2013	Change	Full year 2013
Gross cash collections	59	50	17%	100
Net revenue	31	32	-3%	14
Total revenue	35	36	-5%	68
Operating expenses	-44	-34	30%	-75
EBIT	-10	2	-505%	-7
EBIT margin	-27%	6%	-33pp	-10%
Earnings before tax	-22	-10	119%	-32
Carrying value acquired loans	470	484	-3%	479
Gross ERC 120m	913	921	-1%	949

Gross cash collections totalled SEK 59 million in January – June 2014, compared to SEK 50 million in the same period 2013. As a part of restructuring and profitability improvement initiatives that were initiated during 2013, a new site in Lille has been established and is starting to contribute to gross cash collections. The new site is also affecting operating costs which increased by approximately SEK 10 million in January – June 2014 compared to the first half of 2013. Net revenues

decreased by 3 per cent in comparison with the first half of 2013 as a result of higher portfolio amortisations, and total revenues at SEK 35 million was also slightly lower in the first half of 2014 compared to January – June 2013.

The French market for portfolio sales has been dampened with few acquisition opportunities.

## UK

SEK million	Jan-Jun 2014	Jan-Jun 2013	Change	Full year 2013
Gross cash collections	258	70	269%	250
Net revenue	151	29	422%	210
Total revenue	216	72	201%	338
Operating expenses	-136	-69	98%	-287
EBIT	80	3	2403%	51
EBIT margin	37%	4%	+33pp	15%
Earnings before tax	45	-6	n/m	12
Carrying value acquired loans	1,438	333	332%	1,313
Gross ERC 120m	2,496	576	333%	2,588

In the first two quarters of 2014 gross cash collections increased by SEK 188 million compared to the same period in 2013. The strong growth is attributable to the acquisition of the Lewis Group Ltd in August 2013 as well as portfolio purchases. Net revenue increased from SEK 29 million in January – June 2013 to SEK 151 million in the same period in 2014.

Total revenue increased by SEK 144 million in the first half of 2014 compared to January – June 2013, driven by the top-line growth.

Following the acquisition of the Lewis Group Ltd in August last year, Hoist Finance initiated an integration process of the Lewis Group Ltd

into Robinson Way Ltd in order to capitalise on best practice and synergies within the Group. As per end-June 2014, the integration is close to finalised at approximately estimated cost. The majority of excess staff have left the company. The new structure represents a sustainable organisation going forward with three times higher revenue compared to the first half of 2013, whereas operating expenses have increased approximately twice bringing EBIT margin to 37 per cent for January – June 2014.

## BeNe

SEK million	Jan–Jun 2014	Jan–Jun 2013	Change	Full year 2013
Gross cash collections	292	95	206%	239
Net revenue	99	37	166%	96
Total revenue	99	37	165%	93
Operating expenses	-41	-21	101%	-47
EBIT	57	17	243%	46
EBIT margin	58%	45%	+13pp	49%
Earnings before tax	21	9	143%	21
Carrying value acquired loans	1,614	359	349%	1,293
Gross ERC 120m	2,510	500	402%	1,804

In 2013 and the beginning of 2014, Hoist Finance has completed a number of landmark transactions in the Dutch market, reflected in the higher gross cash collections and net revenue. In January – June 2014, gross cash collections increased by SEK 197 million compared to the same period in 2013. Net revenue and Total revenue grew by SEK 62 million in the corresponding period.

Hoist Finance operates a largely outsourced model in the BeNe market cooperating with local servicing partners. However, Hoist has

been able to draw on economies of scale in terms of management, negotiations, acquisition capabilities, marketing etc. In January – June 2014, operating expenses increased by approximately 100 per cent from SEK -21 million, compared to the same period in 2013. In connection with the portfolio acquisition from Credit Agricole Consumer Finance Nederland B.V., Hoist Finance established an office in Amsterdam with a staff of twelve. EBIT margin has increased by 13 percentage points.

## Italy

SEK million	Jan–Jun 2014	Jan–Jun 2013	Change	Full year 2013
Gross cash collections	111	115	-3%	213
Net revenue	64	67	-4%	102
Total revenue	64	67	-4%	99
Operating expenses	-23	-16	48%	-22
EBIT	41	52	-20%	77
EBIT margin	64%	77%	-13pp	77%
Earnings before tax	31	43	-28%	60
Carrying value acquired loans	519	345	51%	308
Gross ERC 120m	839	529	59%	486

The limited portfolio purchasing activity in 2013 and the beginning of 2014 is reflected in slightly lower gross cash collections and net revenue. In January – June 2014, gross cash collections totalled SEK 111 million, compared to SEK 115 million in the first two quarters of 2013. Net revenue and Total revenue were SEK 64 million in the first half 2014 compared to SEK 67 million in January – June 2013. In April 2014, Hoist Finance announced the acquisition of a non-performing consumer loan portfolio from its long-term Italian servicing partner TRC Spa. The

portfolio acquisition is expected to contribute strongly going forward. ERC has increased by SEK 310 million as at 30 June 2014 compared to 30 June 2013 as a result of the acquisition.

Operating expenses increased by 48 per cent in January – June 2014 compared to January – June 2013 as a result of increasing variable servicing fees. In addition, direct collection costs (e.g. legal fees) are higher as a result of the structure and age of the portfolio with a larger share of claims justifying collection through legal procedures.

## Poland

SEK million	Jan-Jun 2014	Jan-Jun 2013	Change	Full year 2013
Gross cash collections	122	12	945%	171
Net revenue	132	26	414%	182
Total revenue	157	45	248%	218
Operating expenses	-29	-18	58%	-61
EBIT	128	27	380%	157
EBIT margin	82%	59%	+23pp	72%
Earnings before tax	105	19	455%	131
Carrying value acquired loans	1,334	844	58%	971
Gross ERC 120m	2,189	1,558	41%	1,592

Gross cash collections increased by SEK 110 million in January – June 2014 compared to the same period in 2013 as a result of the substantial portfolio acquisitions in mid-2013 and the first half of 2014. Net revenue was SEK 132 million in January – June 2014 compared to SEK 26 million in January – June 2013. As illustrated by net revenue exceeding gross cash collections, portfolio amortisation has been positive, which is explained by costs exceeding expected collections in the initial collection phase of a major Polish portfolio.

Total revenue increased by SEK 112 million in the first half of 2014

compared to the same period in 2013. Approximately SEK 10 million of the increase are attributable to the strong performance in the Polish joint venture.

Hoist Finance operates a fully outsourced model in Poland. The increase in operating expenses of 58 per cent in January – June 2014 compared to the same period in 2013 reflects the higher collection activity. In addition, during late 2013 and the beginning of 2014, Hoist Finance has established an office in Warsaw with a staff of four.

### Important risks and uncertainties

As an integral part of Hoist's business the company assumes credit risk and to a smaller extent, market-, liquidity- and operational risk. The risk exposures and the analysis, management and control of risks is described in Note 31 in Hoist Finance's Annual Report for 2013.

### Financial calendar

Interim Report January - September:	24 October 2014
Year-end Report:	3 February 2015

*The information in this Interim Report has been published pursuant to the Swedish Securities Markets Act (Sw. lag om värdepappersmarknaden). This information was released for publication at 8.00 on 24 July 2014.*

# Financial Statements

## CONSOLIDATED INCOME STATEMENT

SEK thousand	Note	Apr–Jun 2014	Apr–Jun 2013	Jan–Jun 2014	Jan–Jun 2013
Net revenue from acquired loan portfolios	1	337,131	207,342	632,268	373,741
Interest income		22,182	43,369	43,861	86,066
Interest expense		-81,616	-65,950	-165,982	-123,757
<b>Net interest income</b>		<b>277,697</b>	<b>184,761</b>	<b>510,147</b>	<b>336,050</b>
Fee and commission income		29,825	24,835	58,556	50,648
Net result from financial transactions		-7,025	-7,832	-4,440	12,392
Other income		47,916	19,729	82,044	45,849
<b>Total operating income</b>		<b>348,413</b>	<b>221,493</b>	<b>646,307</b>	<b>444,939</b>
<b>General administrative expenses</b>					
Personnel expenses		-110,244	-88,032	-218,676	-159,674
Other operating expenses		-188,102	-123,071	-336,729	-218,134
Depreciation and amortisation of tangible and intangible fixed assets		-5,599	-5,200	-10,437	-7,898
<b>Total operating expenses</b>		<b>-303,945</b>	<b>-216,303</b>	<b>-565,842</b>	<b>-385,706</b>
Profit from shares and participations in joint venture		13,203	8,005	25,073	15,081
<b>Profit before tax</b>		<b>57,671</b>	<b>13,195</b>	<b>105,538</b>	<b>74,314</b>
Income tax expense		-12,143	-12,910	-23,383	-26,251
<b>Net profit for the period</b>		<b>45,528</b>	<b>285</b>	<b>82,155</b>	<b>48,063</b>

## STATEMENT OF COMPREHENSIVE INCOME, GROUP

SEK thousand	Apr–Jun 2014	Apr–Jun 2013	Jan–Jun 2014	Jan–Jun 2013
<b>Net profit for the period</b>	<b>45,528</b>	<b>285</b>	<b>82,155</b>	<b>48,063</b>
<b>Other comprehensive income</b>				
Items that have been or may be reclassified subsequently to the income statement				
Currency translation differences	10,696	14,942	4,892	-7,177
<b>Other comprehensive income for the period, net of tax</b>	<b>10,696</b>	<b>14,942</b>	<b>4,892</b>	<b>-7,177</b>
<b>Total comprehensive income for the period</b>	<b>56,224</b>	<b>15,227</b>	<b>87,047</b>	<b>40,886</b>
<b>Attributable to</b>				
Owners of the Parent Company	56,224	15,227	87,047	40,886

## CONSOLIDATED BALANCE SHEET

### ASSETS

SEK thousand	Note	30 Jun 2014	31 Dec 2013	30 Jun 2013
Cash		239	197	145
Treasury bills and treasury bonds		1,258,740	-	-
Lending to credit institutions		1,071,336	3,921,199	4,242,969
Lending to the public		210,659	328,951	454,372
Acquired loan portfolios	2	7,010,871	5,997,935	3,965,939
Receivables from affiliated companies		123,211	85,158	184,588
Bonds and other securities		1,457,021	1,297,677	890,117
Shares and participations in joint venture		219,302	192,230	190,938
Intangible fixed assets		38,179	33,149	22,940
Tangible fixed assets		26,717	32,244	16,750
Other assets		170,254	103,956	65,681
Deferred tax assets		63,665	57,306	19,816
Prepaid expenses and accrued income		34,334	24,332	15,503
<b>Total assets</b>		<b>11,684,528</b>	<b>12,074,334</b>	<b>10,069,758</b>

### LIABILITIES AND SHAREHOLDERS' EQUITY

SEK thousand	Note	30 Jun 2014	31 Dec 2013	30 Jun 2013
<b>Liabilities</b>				
Deposits from the public		8,913,034	9,701,502	8,736,713
Tax liabilities		32,385	66,910	37,712
Other liabilities		235,054	269,323	230,003
Deferred tax liabilities		57,606	32,720	0
Accrued expenses and prepaid income		96,080	89,285	37,414
Provisions		47,279	94,560	26,645
Senior unsecured loans		740,355	665,680	-
Subordinated loans		330,952	329,231	236,100
<b>Total liabilities and provisions</b>		<b>10,452,745</b>	<b>11,249,211</b>	<b>9,304,587</b>
<b>Shareholders' equity</b>				
Share capital		55,556	50,000	50,000
Other contributed equity		603,038	275,631	274,091
Reserves		-7,350	-12,242	-21,286
Retained earnings		580,539	511,734	462,366
<b>Total shareholders' equity</b>		<b>1,231,783</b>	<b>825,123</b>	<b>765,171</b>
<b>Total liabilities and shareholders' equity</b>		<b>11,684,528</b>	<b>12,074,334</b>	<b>10,069,758</b>
<b>Pledged assets</b>		<b>5,886</b>	<b>5,724</b>	<b>5,605</b>
<b>Contingent liabilities</b>		<b>259,151</b>	<b>271,628</b>	<b>216,936</b>

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, GROUP

SEK thousand	Share capital	Other contributed capital	Reserves Translation reserve	Retained earnings	Total shareholders' equity
<b>Opening balance as at 1 Jan 2014</b>	<b>50,000</b>	<b>275,631</b>	<b>-12,242</b>	<b>511,734</b>	<b>825,123</b>
<b>Comprehensive income for the period</b>					
Net profit for the period				82,155	82,155
Other comprehensive income			4,892		4,892
<b>Total comprehensive income for the period</b>			<b>4,892</b>	<b>82,155</b>	<b>87,047</b>
<b>Transactions recorded directly in equity</b>					
New share issue	5,556	327,408			332,963
Interest paid on capital contribution				-15,000	-15,000
Tax effect on transactions recorded directly in equity				1,650	1,650
<b>Total transactions recorded directly in equity</b>	<b>5,556</b>	<b>327,408</b>		<b>-13,350</b>	<b>319,613</b>
<b>Closing balance as at 30 Jun 2014</b>	<b>55,556</b>	<b>603,038</b>	<b>-7,350</b>	<b>580,539</b>	<b>1,231,783</b>

SEK thousand	Share capital	Other contributed capital	Reserves Translation reserve	Retained earnings	Total shareholders' equity
<b>Opening balance as at 1 Jan 2013</b>	<b>50,000</b>	<b>181,091</b>	<b>-14,109</b>	<b>414,303</b>	<b>631,285</b>
<b>Comprehensive income for the period</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 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 recorded directly in equity</b>		<b>94,540</b>		<b>-30,681</b>	<b>63,859</b>
<b>Closing balance as at 31 Dec 2013</b>	<b>50,000</b>	<b>275,631</b>	<b>-12,242</b>	<b>511,734</b>	<b>825,123</b>

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

SEK thousand	Share capital	Other contributed capital	Reserves Translation reserve	Retained earnings	Total shareholders' equity
<b>Opening balance as at 1 Jan 2013</b>	<b>50,000</b>	<b>181,091</b>	<b>-14,109</b>	<b>414,303</b>	<b>631,285</b>
<b>Comprehensive income for the period</b>					
Net profit for the period				48,063	48,063
Other comprehensive income			-7,177		-7,177
<b>Total comprehensive income for the period</b>			<b>-7,177</b>	<b>48,063</b>	<b>40,886</b>
<b>Transactions recorded directly in equity</b>					
Capital contribution		93,000*			93,000
<b>Total transactions recorded directly in equity</b>		<b>93,000</b>			<b>93,000</b>
<b>Closing balance as at 30 Jun 2013</b>	<b>50,000</b>	<b>274,091</b>	<b>-21,286</b>	<b>462,366</b>	<b>765,171</b>

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

In May 2014, the annual general meeting of Hoist Kredit AB (publ) authorised a private placement of 55,555 newly issued ordinary shares at a quota value of SEK 100 per share. The private placement was made for the benefit of Hoist International AB (publ). The issue price was set at SEK 5,993.34 per share and the premium thus equalled SEK 5,893.34 per share.

## CONSOLIDATED CASH FLOW STATEMENT

SEK thousand	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013
<b>OPERATING ACTIVITIES</b>				
Cash flow from collection income on acquired loan portfolios	615,480	344,922	1,151,002	657,029
Interest income	15,111	43,370	32,548	86,066
Fee and commission income	29,825	24,836	58,556	50,648
Other operating income	47,916	18,803	82,044	44,923
Interest expense	-32,059	-14,986	-74,265	-21,955
Operating expenses	-342,273	-199,672	-575,420	-368,297
Net cash flow from financial transactions	-7,025	-7,834	-4,440	12,392
Profit from joint venture	2,464	-93	2,464	-93
Income tax paid	-8,160	-24,160	-40,373	-17,716
<b>Total</b>	<b>321,279</b>	<b>185,186</b>	<b>632,116</b>	<b>442,997</b>
Increase/decrease in acquired loan portfolios incl. translation differences	-1,092,526	-783,388	-1,531,670	-885,320
Increase/decrease in certificates in joint venture	1,329	-2,649	1,329	-2,649
Increase/decrease in lending to the public	73,442	26,402	74,704	100,173
Increase/decrease in deposits from the public	-226,412	869,824	-859,185	2,264,967
Increase/decrease in other assets	-87,403	4,162	-58,121	16,366
Increase/decrease in other liabilities	-25,854	-8,062	-31,873	-48,495
Changes in other balance sheet items	-13,518	-47,545	-49,207	-49,269
<b>Total</b>	<b>-1,370,942</b>	<b>58,744</b>	<b>-2,454,023</b>	<b>1,395,773</b>
<b>Cash flow from operating activities</b>	<b>-1,049,663</b>	<b>243,930</b>	<b>-1,821,907</b>	<b>1,838,770</b>
<b>INVESTING ACTIVITIES</b>				
Investments in intangible fixed assets	-7,526	-5,210	-10,106	-8,575
Investments in tangible fixed assets	-	-560	-3,000	-1,136
Investments in bonds - net	-351,702	-119,659	-148,031	-157,445
<b>Cash flow from investing activities</b>	<b>-359,228</b>	<b>-125,429</b>	<b>-161,137</b>	<b>-167,156</b>
<b>FINANCING ACTIVITIES</b>				
Capital contribution	-	93,000	-	93,000
New share issue	332,963	-	332,963	-
Senior unsecured loans	-	-	74,000	-
Convertible bonds	-	236,100	-	236,100
Dividend paid on subordinated loans	-15,000	-	-15,000	-
<b>Cash flow from financing activities</b>	<b>317,963</b>	<b>329,100</b>	<b>391,963</b>	<b>329,100</b>
<b>Cash flow for the period</b>	<b>-1,090,928</b>	<b>447,601</b>	<b>-1,591,081</b>	<b>2,000,714</b>
<b>Cash at the beginning of the period</b>	<b>3,421,243</b>	<b>3,795,513</b>	<b>3,921,396</b>	<b>2,242,400</b>
<b>Cash at the end of the period*</b>	<b>2,330,315</b>	<b>4,243,114</b>	<b>2,330,315</b>	<b>4,243,114</b>

\*Consists of cash, T-bills and lending to credit institutions.

## PARENT COMPANY INCOME STATEMENT

SEK thousand	Note	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013
Net revenue from acquired loan portfolios	1	61,836	101,049	140,623	188,172
Interest income		80,409	55,195	149,310	109,548
Interest expense		-81,777	-66,593	-166,193	-124,885
<b>Net interest income</b>		<b>60,468</b>	<b>89,651</b>	<b>123,740</b>	<b>172,835</b>
Net income from financial transactions		-3,795	-6,210	-4,024	13,769
Other income		26,738	-2,140	43,134	8,285
<b>Total operating income</b>		<b>83,411</b>	<b>81,301</b>	<b>162,850</b>	<b>194,889</b>
<b>General administrative expenses</b>					
Personnel expenses		-28,261	-9,503	-52,290	-19,168
Other expenses		-62,763	-50,343	-111,071	-90,333
Depreciation and amortisation of tangible and intangible fixed assets		-1,494	-582	-2,912	-1,158
<b>Total operating expenses</b>		<b>-92,518</b>	<b>-60,428</b>	<b>-166,273</b>	<b>-110,659</b>
Profit from shares and participations in joint venture		2,464	-45	2,464	-94
Dividend		0	-	34,660	-
Tax allocation reserve		22,173	-8,798	0	-24,246
<b>Result before tax</b>		<b>15,530</b>	<b>12,030</b>	<b>33,701</b>	<b>59,890</b>
Income tax		-3,393	-7,252	-409	-15,064
<b>Net profit for the period</b>		<b>12,137</b>	<b>4,778</b>	<b>33,292</b>	<b>44,826</b>

## STATEMENT OF COMPREHENSIVE INCOME, PARENT COMPANY

SEK thousand	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013
<b>Net profit for the period</b>	<b>12,137</b>	<b>4,778</b>	<b>33,292</b>	<b>44,826</b>
<b>Other comprehensive income</b>				
Items that have been or may be reclassified subsequently to the income statement				
Currency translation differences	266	289	244	113
<b>Other comprehensive income for the period, net of tax</b>	<b>266</b>	<b>289</b>	<b>244</b>	<b>113</b>
<b>Total comprehensive income for the period</b>	<b>12,403</b>	<b>5,067</b>	<b>33,536</b>	<b>44,939</b>

## PARENT COMPANY BALANCE SHEET

### ASSETS

SEK thousand	Note	30 Jun 2014	31 Dec 2013	30 Jun 2013
Cash		6	1	-
Treasury bills and treasury bonds		1,258,740	-	-
Lending to credit institutions		673,275	3,582,423	3,841,435
Lending to the public		207,385	325,788	453,859
Acquired loan portfolios	2	2,701,009	2,546,122	2,522,446
Receivables from affiliated companies		4,453,045	3,493,834	1,254,822
Bonds and other securities		1,432,021	1,272,677	865,117
Shares and participations in subsidiaries		338,108	303,145	873,638
Shares and participations in joint venture		77,466	78,795	93,140
Intangible fixed assets		28,465	21,095	14,444
Tangible fixed assets		3,517	1,081	938
Other assets		92,180	51,452	30,680
Deferred tax assets		1,536	1,121	321
Prepaid expenses and accrued income		13,384	6,722	2,275
<b>Total assets</b>		<b>11,280,137</b>	<b>11,684,256</b>	<b>9,953,115</b>

### SHAREHOLDERS' EQUITY AND LIABILITIES

SEK thousand	Note	30 Jun 2014	31 Dec 2013	30 Jun 2013
<b>Liabilities</b>				
Deposits from the public		8,913,034	9,701,502	8,736,713
Tax liabilities		8,527	23,794	29,998
Other liabilities		172,766	198,949	236,855
Deferred tax liabilities		467	2,117	-
Accrued expenses and prepaid income		39,928	42,046	17,588
Provisions		122	100	98
Senior unsecured loans		740,355	665,680	-
Subordinated loans		330,952	329,231	236,100
<b>Total liabilities and provisions</b>		<b>10,206,151</b>	<b>10,963,419</b>	<b>9,257,352</b>
<b>Untaxed reserves</b>		<b>26,569</b>	<b>26,569</b>	<b>42,609</b>
<b>Shareholders' equity</b>				
<b>Restricted equity</b>				
Share capital		55,556	50,000	50,000
Capital reserves		10,000	10,000	10,000
Revaluation reserve		64,253	64,253	0
<b>Total restricted equity</b>		<b>129,809</b>	<b>124,253</b>	<b>60,000</b>
<b>Unrestricted equity</b>				
Contributed capital		603,038	275,631	274,091
Reserves		22	-222	-379
Retained earnings		281,256	212,646	274,616
Result for the period		33,292	81,960	44,826
<b>Total unrestricted equity</b>		<b>917,608</b>	<b>570,015</b>	<b>593,154</b>
<b>Total shareholders' equity</b>		<b>1,047,417</b>	<b>694,268</b>	<b>653,154</b>
<b>Total liabilities and shareholders' equity</b>		<b>11,280,137</b>	<b>11,684,256</b>	<b>9,953,115</b>
<b>Pledged assets</b>		<b>5,886</b>	<b>5,724</b>	<b>5,605</b>
<b>Contingent liabilities</b>		<b>127,334</b>	<b>137,485</b>	<b>113,373</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 Jan 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>Reclassification 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							33,292	33,292
Other comprehensive income				244				244
<b>Total comprehensive income for the period</b>				<b>244</b>			<b>33,292</b>	<b>33,536</b>
<b>Transactions recorded directly in equity</b>								
New share issue	5,556				327,408			332,963
Interest paid on capital contribution						-15,000		-15,000
Tax effect on transactions recorded directly in equity						1,650		1,650
<b>Total transactions recorded directly in equity</b>	<b>5,556</b>				<b>327,408</b>	<b>-13,350</b>		<b>319,613</b>
<b>Closing balance as at 30 Jun 2014</b>	<b>55,556</b>	<b>10,000</b>	<b>64,253</b>	<b>22</b>	<b>603,038</b>	<b>281,256</b>	<b>33,292</b>	<b>1,047,417</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 Jan 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>Reclassification 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							81,960	81,960
Other comprehensive income			64,253	270				64,523
<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 recorded directly in equity</b>								
Capital contribution					93,000*			93,000
Interest paid on capital contribution						-25,073		-25,073
Group contributions paid						-50,145		-50,145
Tax effect on transactions recorded directly in equity					1,540	13,248		14,788
<b>Total transactions recorded directly in equity</b>					<b>94,540</b>	<b>-61,970</b>		<b>32,570</b>
<b>Closing balance as at 31 Dec 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>

\* 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 Jan 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>Reclassification 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							44,826	44,826
Other comprehensive income				113				113
<b>Total comprehensive income for the period</b>				<b>113</b>			<b>44,826</b>	<b>44,939</b>
<b>Transactions recorded directly in equity</b>								
Capital contribution					93,000*			93,000
<b>Total transactions recorded directly in equity</b>					<b>93,000</b>			<b>93,000</b>
<b>Closing balance as at 30 Jun 2013</b>	<b>50,000</b>	<b>10,000</b>	<b>-</b>	<b>-379</b>	<b>274,091</b>	<b>274,616</b>	<b>44,826</b>	<b>653,154</b>

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

In May 2014, the annual general meeting of Hoist Kredit AB (publ) authorised a private placement of 55,555 newly issued ordinary shares at a quota value of SEK 100 per share. The private placement was made for the benefit of Hoist International AB (publ). The issue price was set at SEK 5,993.34 per share and the premium thus equalled SEK 5,893.34 per share.

## PARENT COMPANY CASH FLOW STATEMENT

SEK thousand	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013
<b>OPERATING ACTIVITIES</b>				
Cash flow from collection income on acquired loan portfolios	237,475	222,523	450,948	425,940
Interest income	73,337	55,195	137,997	109,548
Other operating income	26,737	-2,140	43,133	8,285
Interest expense	-32,218	-15,628	-74,476	-23,083
Operating expenses	-123,389	-57,910	-193,141	-101,783
Net cash flow from financial transactions	-3,795	-6,210	-4,024	13,769
Profit from joint venture	2,464	-93	2,464	-93
Income tax paid	-5,131	-1,473	-20,857	-3,168
<b>Total</b>	<b>175,480</b>	<b>194,265</b>	<b>342,044</b>	<b>429,416</b>
Increase/decrease in acquired loan portfolios incl. translation differences	-316,363	-235,787	-465,211	-366,853
Increase/decrease in certificates in joint venture	1,329	-2,649	1,329	-2,649
Increase/decrease in lending to the public	-570,017	-215,317	-840,808	-103,776
Increase/decrease in deposits from the public	-226,412	869,824	-859,185	2,264,967
Increase/decrease in other assets	-65,819	-15,785	-35,962	-7,076
Increase/decrease in other liabilities	-67,982	-90,679	-23,787	14,909
Changes in other balance sheet items	180	242	172	100
<b>Total</b>	<b>-1,245,084</b>	<b>309,849</b>	<b>-2,223,452</b>	<b>1,799,622</b>
<b>Cash flow from operating activities</b>	<b>-1,069,604</b>	<b>504,114</b>	<b>-1,881,408</b>	<b>2,229,038</b>
<b>INVESTING ACTIVITIES</b>				
Investments in intangible fixed assets	-6,858	-3,010	-9,992	-5,592
Investments in tangible fixed assets	-271	-27	-2,633	-97
Investments in subsidiaries	-351,702	-94,659	-148,031	-132,445
Investments in affiliated companies	-1,010	-522,346	-34,963	-522,346
<b>Cash flow from investing activities</b>	<b>-359,841</b>	<b>-620,042</b>	<b>-195,619</b>	<b>-660,480</b>
<b>FINANCING ACTIVITIES</b>				
Capital contribution	-	93,000	-	93,000
New share issue	332,964	-	332,964	-
Senior unsecured loans	-	-	74,000	-
Subordinated loans	-	236,100	-	236,100
Dividend paid on subordinated loans	-15,000	-	-15,000	-
Dividend	-	-	34,660	-
<b>Cash flow from financing activities</b>	<b>317,964</b>	<b>329,100</b>	<b>426,624</b>	<b>329,100</b>
<b>Cash flow for the period</b>	<b>-1,111,481</b>	<b>213,172</b>	<b>-1,650,403</b>	<b>1,897,658</b>
<b>Cash at the beginning of the period</b>	<b>3,043,502</b>	<b>3,628,263</b>	<b>3,582,424</b>	<b>1,943,777</b>
<b>Cash at the end of the period*</b>	<b>1,932,021</b>	<b>3,841,435</b>	<b>1,932,021</b>	<b>3,841,435</b>

\*Consists of cash, T-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 (IFRIC) 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. Hoist Finance also applies the RFR 1 recommendation issued by the Swedish Financial Reporting Board as well as associated statements by UFR.

These statements for the Group and the Parent Company are prepared, in all material aspects, in accordance with the IAS 34 "Interim Financial Reporting".

The accounting policies and basis for calculations for the Group and the Parent Company are, in all material aspects, unchanged in

comparison to the 2013 Annual Report.

IFRS 11, "Joint Arrangements", have been applied since 1 January 2014. This has resulted in joint arrangements being classified as joint venture or joint operation depending on whether the Group has direct right to the assets and obligation for the liabilities or not. The assessment takes stance in the structure of the investment, the legal set-up, contractual obligations and other aspects and circumstances. According to previous rules, the assessment was made based solely upon the structure of the investment. The impact of IFRS 11 upon joint ventures has also been that proportionate consolidation is no longer allowed and only equity method may be used.

Hoist Kredit AB (publ) has a joint arrangement in the form of a joint venture. This joint venture has previously been accounted for according to the equity method. Therefore, the transition to IFRS 11 has not had any implications.

# 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.

The profit before tax on a segment level is presented before the allocation of central costs.

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.

Apr-Jun 2014								
SEK thousand	Group	Segment BeNe	Segment France	Segment UK	Segment Italy	Segment Poland	Segment Germany*	Central functions and eliminations
Total revenue	401,216	57,247	21,526	105,869	38,246	90,973	87,814	-459
Operating expenses	-267,520	-21,242	-23,987	-64,521	-14,015	-17,211	-60,540	-66,004
Financial items	-76,026	-19,907	-6,117	-17,881	-6,604	-12,083	-24,773	11,339
<b>Profit before tax</b>	<b>57,671</b>	<b>16,098</b>	<b>-8,578</b>	<b>23,467</b>	<b>17,627</b>	<b>61,679</b>	<b>2,501</b>	<b>-55,123</b>

Apr-Jun 2013								
SEK thousand	Group	Segment BeNe	Segment France	Segment UK	Segment Italy	Segment Poland	Segment Germany*	Central Functions and eliminations
Total revenue	268,583	20,189	17,983	35,445	35,793	34,296	128,297	-3,420
Operating expenses	-204,065	-11,412	-18,842	-35,501	-7,762	-18,161	-62,106	-50,280
Financial items	-51,323	-4,419	-6,278	-4,823	-4,279	-5,246	-26,264	-13
<b>Profit before tax</b>	<b>13,195</b>	<b>4,358</b>	<b>-7,137</b>	<b>-4,881</b>	<b>23,751</b>	<b>10,889</b>	<b>39,927</b>	<b>-53,713</b>

Jan-Jun 2014								
SEK thousand	Group	Segment BeNe	Segment France	Segment UK	Segment Italy	Segment Poland	Segment Germany*	Central Functions and eliminations
Total revenue	758,936	98,576	34,735	216,029	64,482	156,771	188,540	-197
Operating expenses	-506,204	-41,358	-44,240	-135,841	-23,235	-29,002	-114,675	-117,853
Financial items	-147,194	-35,974	-12,235	-34,972	-10,297	-23,255	-49,750	19,288
<b>Profit before tax</b>	<b>105,538</b>	<b>21,245</b>	<b>-21,740</b>	<b>45,216</b>	<b>30,950</b>	<b>104,513</b>	<b>24,115</b>	<b>-98,761</b>

Jan-Jun 2013								
SEK thousand	Group	Segment BeNe	Segment France	Segment UK	Segment Italy	Segment Poland	Segment Germany*	Central Functions and eliminations
Total revenue	497,149	37,252	36,461	71,759	67,396	45,039	242,741	-3,499
Operating expenses	-351,972	-20,576	-34,114	-68,556	-15,659	-18,401	-112,348	-82,320
Financial items	-70,862	-7,945	-12,261	-9,687	-8,577	-7,794	-50,329	25,731
<b>Profit before tax</b>	<b>74,314</b>	<b>8,732</b>	<b>-9,914</b>	<b>-6,484</b>	<b>43,161</b>	<b>18,844</b>	<b>80,063</b>	<b>-60,088</b>

### Acquired loans

SEK thousand	Group	Segment BeNe	Segment France	Segment UK	Segment Italy	Segment Poland	Segment Germany*
<b>30 Jun 2014</b>							
Run-off consumer loan portfolio		155,385					155,385
Acquired loan portfolios		7,010,871	1,614,481	469,579	1,438,361	518,847	1,114,723
Shares and participations in joint venture		219,302					219,302
<b>Acquired loans</b>		<b>7,385,558</b>	<b>1,614,481</b>	<b>469,579</b>	<b>1,438,361</b>	<b>518,847</b>	<b>1,334,025</b>
							<b>2,010,265</b>

### Acquired loans

SEK thousand	Group	Segment BeNe	Segment France	Segment UK	Segment Italy	Segment Poland	Segment Germany*
<b>31 Dec 2013</b>							
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	
<b>Acquired loans</b>	<b>6,399,538</b>	<b>1,293,341</b>	<b>478,548</b>	<b>1,312,769</b>	<b>308,327</b>	<b>970,876</b>	<b>2,035,678</b>

### Acquired loans

SEK thousand	Group	Segment BeNe	Segment France	Segment UK	Segment Italy	Segment Poland	Segment Germany*
<b>30 Jun 2013</b>							
Run-off consumer loan portfolio	293,237						293,237
Acquired loan portfolios	3,965,939	359,219	483,934	332,833	344,574	652,735	1,792,645
Shares and participations in joint venture	190,938					190,938	
<b>Acquired loans</b>	<b>4,450,114</b>	<b>359,219</b>	<b>483,934</b>	<b>332,833</b>	<b>344,574</b>	<b>843,673</b>	<b>2,085,882</b>

\* Segment Germany also includes Austria.

### INFORMATION PER GEOGRAPHICAL REGION

SEK thousand	GROUP				PARENT COMPANY			
	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013
<b>Net revenue</b>								
Germany	70,758	99,949	151,088	182,601	26,002	45,019	60,600	82,353
Austria	445	-	4,061	-	-711	-	1,405	-
France	19,770	15,464	31,362	32,215	-	-	-	-
BeNe	57,248	19,802	98,576	37,057	13,778	19,802	29,591	37,057
Italy	38,247	35,116	64,482	67,312	20,559	35,116	46,794	67,312
UK	72,840	15,055	151,031	28,928	-	-	-	-
Poland	77,823	21,956	131,668	25,628	2,208	1,112	2,233	1,450
<b>Total net revenue</b>	<b>337,131</b>	<b>207,342</b>	<b>632,268</b>	<b>373,741</b>	<b>61,836</b>	<b>101,049</b>	<b>140,623</b>	<b>188,172</b>

SEK thousand	GROUP				PARENT COMPANY			
	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013
<b>Gross cash collections</b>								
Germany	151,590	168,229	298,748	314,929	106,834	113,299	208,260	214,681
Austria	3,864	-	10,823	-	2,708	-	8,168	-
France	28,393	24,668	58,564	50,255	-	-	-	-
BeNe	163,887	50,211	291,605	95,419	77,016	50,211	133,045	95,419
Italy	60,769	58,451	110,920	114,892	47,502	58,451	97,654	114,892
UK	125,220	35,369	257,898	69,820	-	-	-	-
Poland	81,756	7,994	122,444	11,714	3,415	562	3,821	948
<b>Total gross cash collections</b>	<b>615,479</b>	<b>344,922</b>	<b>1,151,002</b>	<b>657,029</b>	<b>237,475</b>	<b>222,523</b>	<b>450,948</b>	<b>425,940</b>

SEK thousand	GROUP				PARENT COMPANY			
	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013
<b>Changes in carrying value of acquired loan portfolios</b>								
Germany	-80,832	-68,280	-147,660	-132,328	-80,832	-68,280	-147,660	-132,328
Austria	-3,419	-	-6,762	-	-3,419	-	-6,762	-
France	-8,623	-9,204	-27,202	-18,040	-	-	-	-
BeNe	-106,639	-30,409	-193,029	-58,362	-63,238	-30,409	-103,454	-58,362
Italy	-22,522	-23,335	-46,438	-47,580	-26,943	-23,335	-50,860	-47,580
UK	-52,380	-20,314	-106,867	-40,892	-	-	-	-
Poland	-3,933	13,962	9,224	13,914	-1,207	550	-1,588	502
<b>Total changes in carrying value</b>	<b>-278,348</b>	<b>-137,580</b>	<b>-518,734</b>	<b>-283,288</b>	<b>-175,639</b>	<b>-121,474</b>	<b>-310,324</b>	<b>-237,768</b>

SEK thousand	GROUP			PARENT COMPANY		
	30 Jun 2014	31 Dec 2013	30 Jun 2013	30 Jun 2014	31 Dec 2013	30 Jun 2013
<b>Carrying value</b>						
Germany	1,829,522	1,794,924	1,752,340	1,829,525	1,794,927	1,752,343
France	500,651	478,548	483,934	-	-	-
BeNe	1,614,481	1,293,341	359,218	532,664	382,703	359,219
Italy	518,847	308,327	344,574	285,512	308,327	344,574
UK	1,407,289	1,312,769	332,833	-	-	-
Poland	1,114,723	778,645	652,735	27,950	28,784	26,005
Austria	25,358	31,381	40,305	25,358	31,381	40,305
<b>Total carrying value</b>	<b>7,010,871</b>	<b>5,997,935</b>	<b>3,965,939</b>	<b>2,701,009</b>	<b>2,546,122</b>	<b>2,522,446</b>

## NOTE 2 Acquired loan portfolios

SEK thousand	GROUP			PARENT COMPANY		
	Jan-Jun 2014	Jan-Dec 2013	Jan-Jun 2013	Jan-Jun 2014	Jan-Dec 2013	Jan-Jun 2013
Opening balance	5,997,935	3,363,907	3,363,907	2,546,122	2,393,361	2,393,361
Acquisitions	1,330,259	3,265,806	1,021,104	401,061	619,136	384,370
Disposals	-	-117,170	-108,953	-	-	-
Translation differences	201,411	118,082	-26,831	64,150	29,572	-17,517
<b>Revaluations</b>						
Based on opening balance forecast (amortisation)	-518,734	-627,120	-290,662	-310,324	-537,483	-237,768
Based on revised estimates (revaluation)	-	-5,570	7,374	-	41,536	-
<b>Carrying value</b>	<b>7,010,871</b>	<b>5,997,935</b>	<b>3,965,939</b>	<b>2,701,009</b>	<b>2,546,122</b>	<b>2,522,446</b>
<b>Changes in carrying value recognised in the income statement</b>	<b>-518,734</b>	<b>-632,690</b>	<b>-283,288</b>	<b>-310,324</b>	<b>-495,947</b>	<b>-237,768</b>

### Whereof fair value

SEK thousand	GROUP			PARENT COMPANY		
	Jan-Jun 2014	Jan-Dec 2013	Jan-Jun 2013	Jan-Jun 2014	Jan-Dec 2013	Jan-Jun 2013
Opening balance	1,607,061	1,768,134	1,768,134	1,295,106	1,405,713	1,405,713
Acquisitions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Translation differences	4,953	66,978	3,306	3,992	53,250	2,628
<b>Revaluations</b>						
Based on opening balance forecast (amortisation)	-99,167	-183,013	-94,234	-89,098	-165,442	-85,889
Based on revised estimates (revaluation)	-	-45,038	-	-	1,585	-
<b>Carrying value</b>	<b>1,512,847</b>	<b>1,607,061</b>	<b>1,677,206</b>	<b>1,210,000</b>	<b>1,295,106</b>	<b>1,322,452</b>
<b>Changes in carrying value recognised in the income statement</b>	<b>-99,167</b>	<b>-228,051</b>	<b>-94,234</b>	<b>-89,098</b>	<b>-163,857</b>	<b>-85,889</b>

## NOTE 2 Acquired loan portfolios

### 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		
	30 Jun 2014	31 Dec 2013	30 Jun 2013
<b>Carrying value of acquired loan portfolios</b>	<b>7,010,871</b>	<b>5,997,935</b>	<b>3,965,939</b>
In case the estimated cash flow over the forecast period is increased by 5 per cent, the carrying value would increase by	328,544	298,083	307,195
In case the estimated cash flow over the forecast period is decreased by 5 per cent, the carrying value would decrease by	-328,557	-293,704	-307,206
<b>Carrying value of portfolios acquired prior to 1 July 2011</b>	<b>1,512,847</b>	<b>1,607,061</b>	<b>1,677,206</b>
In case the IRR would be decreased by 1 percentage unit, the carrying value would increase by	47,055	51,104	53,104
In case the IRR would be increased by 1 percentage unit, the carrying value would decrease by	-44,510	-48,231	-50,420

### 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 carrying 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 Finance also applies a liquidity premium of five per cent, which results in an internal rate of return of twelve per cent and is in line with the prevailing market situation.

### Fair value measurements

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, 30 JUNE 2014

SEK thousand	Acquired loan portfolios	Financing	Carrying value	Fair value	Level 1	Level 2	Level 3
Treasury bills and treasury bonds		1,258,740	1,258,740	1,258,740	1,258,740		
Acquired loan portfolios							
- of which at fair value	1,512,847		1,512,847	1,512,847			1,512,847
- of which at amortised cost	5,498,024		5,498,024	5,675,293			5,675,293
Bonds and other interest-bearing securities*		1,432,021	1,432,021	1,432,021	1,432,021		
Derivatives		2,904	2,904	2,904		2,904	
<b>Total assets</b>	<b>7,010,871</b>	<b>2,693,665</b>	<b>9,704,536</b>	<b>9,881,805</b>	<b>2,690,761</b>	<b>2,904</b>	<b>7,188,140</b>
Derivatives		47,944	47,944	47,944		47,944	
Senior unsecured loans		740,355	740,355	847,500		847,500	
Subordinated loans		330,952	330,952	353,500		353,500	
<b>Total liabilities</b>		<b>1,119,251</b>	<b>1,119,251</b>	<b>1,248,944</b>		<b>1,248,944</b>	

GROUP, 31 DECEMBER 2013

SEK thousand	Acquired loan portfolios	Financing	Carrying value	Fair value	Level 1	Level 2	Level 3
Acquired loan portfolios							
- of which at fair value	1,607,061		1,607,061	1,607,061			1,607,061
- of which at amortised cost	4,390,874		4,390,874	4,532,981			4,532,981
Bonds and other interest-bearing securities*		1,272,677	1,272,677	1,272,677	1,272,677		
Derivatives		25,951	25,951	25,951		25,951	
<b>Total assets</b>	<b>5,997,935</b>	<b>1,298,628</b>	<b>7,296,563</b>	<b>7,438,670</b>	<b>1,272,677</b>	<b>25,951</b>	<b>6,140,042</b>
Derivatives		16,329	16,329	16,329		16,329	
Senior unsecured loans		665,680	665,680	676,000		676,000	
Subordinated loans		329,231	329,231	381,500		381,500	
<b>Total liabilities</b>		<b>1,011,240</b>	<b>1,011,240</b>	<b>1,073,829</b>		<b>1,073,829</b>	

GROUP, 30 JUNE 2013

SEK thousand	Acquired loan portfolios	Financing	Carrying value	Fair value	Level 1	Level 2	Level 3
Acquired loan portfolios							
- of which at fair value	1,677,206		1,677,206	1,677,206			1,677,206
- of which at amortised cost	2,288,733		2,288,733	2,434,736			2,434,736
Bonds and other interest-bearing securities*		890,117	890,117	890,117	890,117		
Derivatives		3,529	3,529	3,529		3,529	
<b>Total assets</b>	<b>3,965,939</b>	<b>893,646</b>	<b>4,859,585</b>	<b>5,005,588</b>	<b>890,117</b>	<b>3,529</b>	<b>4,111,942</b>
Derivatives		10,322	10,322	10,322		10,322	
Subordinated loans		236,100	236,100	236,100		236,100	
<b>Total liabilities</b>		<b>246,422</b>	<b>246,422</b>	<b>246,422</b>		<b>246,422</b>	

\* Bonds and other interest-bearing securities also include shares of SEK 25,000 thousand. The shares are accounted for at acquisition value as there are no quoted prices. It has not been possible to obtain a reliable fair value using a valuation approach.

PARENT COMPANY, 30 JUNE 2014

SEK thousand	Acquired loan portfolios	Financing	Carrying value	Fair value	Level 1	Level 2	Level 3
Treasury bills and treasury bonds		1,258,740	1,258,740	1,258,740	1,258,740		
Acquired loan portfolios							
- of which at fair value	1,210,000		1,210,000	1,210,000			1,210,000
- of which at amortised cost	1,491,009		1,491,009	1,625,762			1,625,762
Bonds and other interest-bearing securities		1,432,021	1,432,021	1,432,021	1,432,021		
Derivatives		2,904	2,904	2,904		2,904	
<b>Total assets</b>	<b>2,701,009</b>	<b>2,693,665</b>	<b>5,394,674</b>	<b>5,529,427</b>	<b>2,690,761</b>	<b>2,904</b>	<b>2,835,762</b>
Derivatives		47,944	47,944	47,944		47,944	
Senior unsecured loans		740,355	740,350	847,500		847,500	
Subordinated loans		330,952	330,952	353,500		353,500	
<b>Total liabilities</b>		<b>1,119,251</b>	<b>1,119,251</b>	<b>1,248,944</b>		<b>1,248,944</b>	

## NOTE 2 Acquired loan portfolios

PARENT COMPANY, 31 DECEMBER 2014							
SEK thousand	Acquired loan portfolios	Financing	Carrying value	Fair value	Level 1	Level 2	Level 3
Acquired loan portfolios							
- of which at fair value	1,295,106		1,295,106	1,295,106			1,295,106
- of which at amortised cost	1,251,016		1,251,016	1,384,249			1,384,249
Bonds and other interest-bearing securities		1,272,677	1,272,677	1,272,677	1,272,677		
Derivatives		25,951	25,951	25,951		25,951	
<b>Total assets</b>	<b>2,546,122</b>	<b>1,298,628</b>	<b>3,844,750</b>	<b>3,977,983</b>	<b>1,272,677</b>	<b>25,951</b>	<b>2,679,355</b>
Derivatives		16,329	16,329	16,329		16,329	
Senior unsecured loans		665,680	665,680	676,000		676,000	
Subordinated loans		329,231	329,231	381,500		381,500	
<b>Total liabilities</b>		<b>1,011,240</b>	<b>1,011,240</b>	<b>1,073,829</b>		<b>1,073,829</b>	

PARENT COMPANY, 30 JUNE 2013							
SEK thousand	Acquired loan portfolios	Financing	Carrying value	Fair value	Level 1	Level 2	Level 3
Acquired loan portfolios							
- of which at fair value	1,322,452		1,322,452	1,322,452			1,322,452
- of which at amortised cost	1,199,994		1,199,994	1,308,368			1,308,368
Bonds and other interest-bearing securities		865,117	865,117	865,117	865,117		
Derivatives		3,529	3,529	3,529		3,529	
<b>Total assets</b>	<b>2,522,446</b>	<b>868,646</b>	<b>3,391,092</b>	<b>3,499,466</b>	<b>865,117</b>	<b>3,529</b>	<b>2,630,820</b>
Derivatives		10,322	10,322	10,322		10,322	
Subordinated loans		236,100	236,100	236,100		236,100	
<b>Total liabilities</b>		<b>246,422</b>	<b>246,422</b>	<b>246,422</b>		<b>246,422</b>	

The fair value of accounts receivable, other receivables, cash, accounts payable and other liabilities is estimated at the same value as their book value.

Other valuation approaches are unchanged compared to the latest annual report.

The valuation approach for acquired loan portfolios, important indata and the sensitivity of the valuation outcome for changes in material indata are described in the same note.

Derivatives used for hedging have been model-valued using indata in the form of market rates for interest and currencies.

Bonds are valued based on quoted rates.

Fair value of financing in terms of issued bonds and other subordinated loans has been determined taking into account observable market rates quoted by external market players. In cases where more than one market price observation is available, the fair value is determined at the arithmetic mean of the market quotes

During the period there have been no transfers among the different levels.

## NOTE 3 Transactions with Related Parties

SEK thousand	GROUP	
	30 Jun 2014	31 Dec 2013
<b>Lending to corporations</b>		
Hoist International AB (publ)	40,100	40,100
Calor S.A.	-	5,947
Paradox AB	-	3,968
<b>Other receivables</b>		
Hoist International AB (publ)	23,579	708
Calor S.A.	6,169	-
Paradox AB	3,006	-
European Digital Capital	7,428	2,678

Receivables from related parties of SEK 15,934 thousand have been repaid in July 2014.

## 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 chapter 10, disclosure of information on capital adequacy and risk management. The information relates to the regulated entity Hoist Kredit AB (publ) and Hoist Kredit AB (publ) in its consolidated situation, which was previously referred to as the financial group.

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	GROUP		PARENT COMPANY	
	30 Jun 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
Total credit exposure *)	11,586,224	12,014,671	11,289,010	11,762,894
Total risk exposure amount	9,515,610	8,806,511	8,925,580	8,387,775
<b>Pillar I</b>				
<b>Credit Risk (standardised approach)</b>	<b>648,120</b>	<b>622,384</b>	<b>653,248</b>	<b>624,275</b>
<i>Institutions</i>	31,297	82,736	24,070	77,228
<i>Retail, past due items</i>	579,614	496,413	221,478	209,193
<i>Retail, not due items</i>	10,474	13,162	10,474	13,162
<i>Corporate</i>	13,275	17,126	326,433	284,215
<i>Other</i>	13,460	12,947	70,793	40,477
<b>Operational risk (basic indicator approach)</b>	<b>93,379</b>	<b>77,789</b>	<b>41,049</b>	<b>43,280</b>
<b>Foreign Exchange Risk</b>	<b>19,496</b>	<b>4,346</b>	<b>19,496</b>	<b>3,467</b>
<b>Credit valuation adjustment (standardised approach)</b>	<b>254</b>	<b>-</b>	<b>254</b>	<b>-</b>
<b>Capital requirement Pillar I</b>	<b>761,249</b>	<b>704,519</b>	<b>714,047</b>	<b>671,022</b>
<b>Capital available for capital adequacy purpose</b>	<b>1,259,931</b>	<b>1,023,085</b>	<b>1,216,652</b>	<b>1,022,007</b>

Financial Group (consolidated basis) - calculation of eligible capital:

SEK thousand	GROUP		PARENT COMPANY	
	30 Jun 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
<b>Core primary capital</b>	<b>875,079</b>	<b>500,854</b>	<b>843,600</b>	<b>499,776</b>
Core primary capital in capital adequacy	1,010,573	622,440	873,601	521,992
Intangible fixed assets	-66,829	-64,280	-28,465	-21,095
Deferred tax assets	-63,665	-57,306	-1,536	-1,121
Regulatory dividend deduction	-5,000	-	-	-
<b>Additional Tier I capital</b>	<b>194,540</b>	<b>193,000</b>	<b>194,540</b>	<b>193,000</b>
<b>Tier II capital</b>	<b>190,312</b>	<b>329,231</b>	<b>178,512</b>	<b>329,231</b>
<b>Other eligible Tier II capital</b>	<b>140,640</b>	<b>-</b>	<b>152,440</b>	<b>-</b>
<b>Total eligible capital</b>	<b>1,400,571</b>	<b>1,023,085</b>	<b>1,369,092</b>	<b>1,022,007</b>
<b>Core primary capital ratio</b>	<b>9.20%</b>	<b>5.69%</b>	<b>9.45%</b>	<b>5.68%</b>
<b>Tier I capital ratio</b>	<b>11.24%</b>	<b>7.88%</b>	<b>11.63%</b>	<b>7.87%</b>
<b>Total capital ratio</b>	<b>13.24%</b>	<b>11.62%</b>	<b>13.63%</b>	<b>11.61%</b>

\*)Total credit exposure contains Hoist's credit exposure on assets in the balance sheet as well as off-balance sheet credit exposure, having taken into consideration conversion ratio

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.

**Assertion**

The Board of Directors and the Chief Executive Officer hereby assert that the Interim Report for January - June 2014 provides a fair presentation of the Group's and the Parent Company's operations, financial situation and result, as well describes material risks and uncertainties that the Parent Company and the Group companies are subject to.

Stockholm, 23 July 2014

Jörgen Olsson  
Chief Executive Officer

Mikael Wirén  
Chairman

Dr. Achim Prior  
Member of the Board

Per-Eric Skotthag  
Member of the Board

# Review report

This is a translation of the Swedish  
language original

Hoist Kredit AB (publ)  
Corp. id. 556329-5699

## Introduction

We have reviewed the interim report of Hoist Kredit AB (publ) as of 30 June 2014 and the six-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies, and for the Parent Company in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm 23 July 2014  
KPMG AB

Anders Bäckström  
Authorized Public Accountant