



Hoist Finance **A Leading European** **NPL Asset Manager**

Debt Investor Presentation

September 2023



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For the avoidance of doubt, the target market assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Bonds.

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Today's presenter



Christian Wallentin

CFO & Deputy CEO

New Senior unsecured bond issue

- » Denomination in SEK
- » Company rated Baa3 (neg) by Moody's and the senior unsecured bond is expected to have a Baa3 rating
- » The EMTN programme under which the bond will be issued was established in 2016 and updated in June 2022

Agenda

- » **Business overview**
- » Market update
- » Financial update
- » Capital, funding and liquidity
- » The transaction

Hoist Finance

An asset manager specialised in European non-performing loans

- » Hoist Finance is a performing credit market company for non-performing loans (NPLs). We have embarked on a journey to become the leading NPL asset management company in Europe for consumer secured and unsecured loans. We add value to society by contributing to a financially healthy and resilient Europe, supporting our banks and consumers. This is our purpose.
- » We are a partner to European credit institutions, supporting them to free up resources for their respective core business by reducing complexity, costs, and capital requirements. This is how we promote a well-functioning financial system in which our partners banks can continue to finance our societies, contribute to growth and higher level of prosperity. We offer banks and financial institutions extensive support with debt restructuring solutions based on reliable experience, knowledge of the regulatory environment and presence across Europe.
- » We are a partner to people and companies in a debt situation and strive to be the most trusted organisation to resolve people`s debt in default and get them back on track financially. This is how we support financial inclusion. We apply individual solutions to support solving people`s debt in default and to ensure they can be included in the financial system going forward.
- » We believe we serve our society and partners best by being regulated by the same and high regulatory standards as our partner banks and financial institutions. This is why we are a regulated credit market institute. Consequently, we are organised like a bank with three lines of defence, including legal, finance, risk, compliance, security and internal audit group functions.
- » In most of our markets, the daily contact with our customers is handled in our local offices, ensuring local expertise and cultural awareness. In some cases, we have established relationships with some of the most well-renowned players in the sector, performing loan management on our behalf. Regardless of operational set-up, we are at the forefront of customer care, ethics and compliance, ensuring industry-leading loan management with quality and cost efficiency at its core.
- » By catering to the financial needs of both banks, SMEs and individuals, we ensure a financially healthy and resilient Europe.



Hoist Finance in numbers

Q2 2023

+25 Years of experience

0.7m Million people back in financial system as per YE 2022

23.8 SEKbn, total portfolio

1,300 Employees

13 European markets

Baa3 Rating, Moody's

10% Return on equity as per Q2 2023

22.2% Total Capital ratio

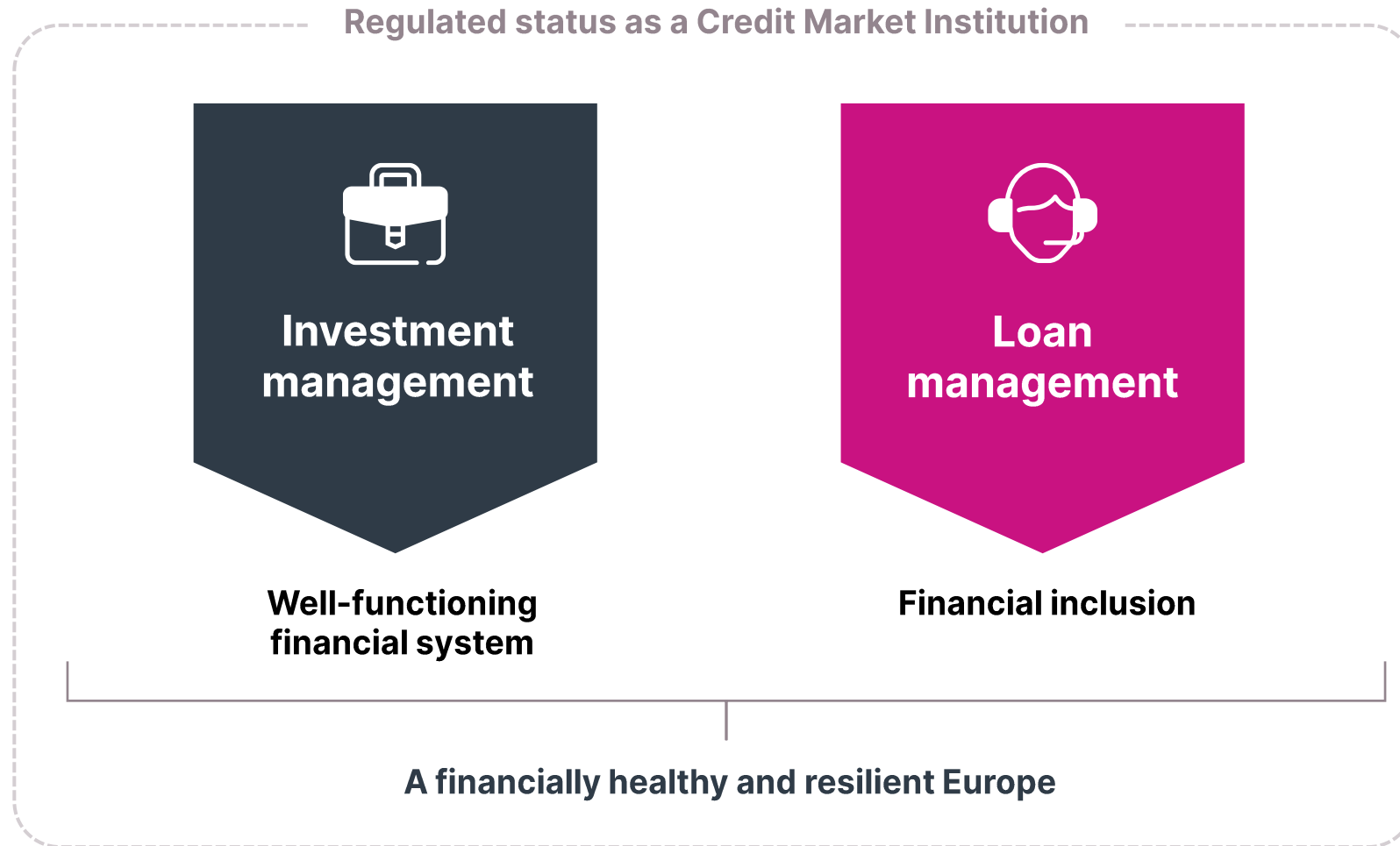
2.4 SEKbn, acquired loan portfolios H1 23

14.75% CET1 ratio

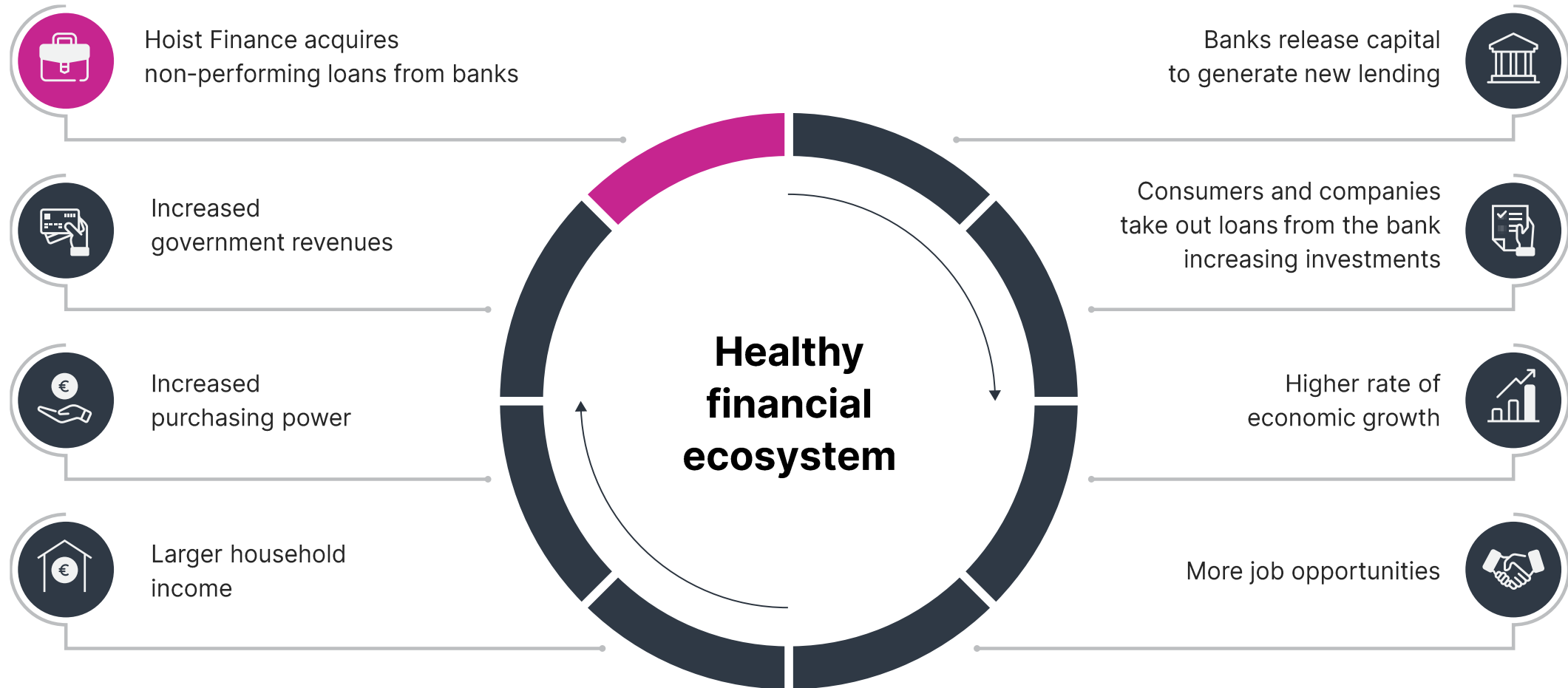
Pan-European presence



Our purpose

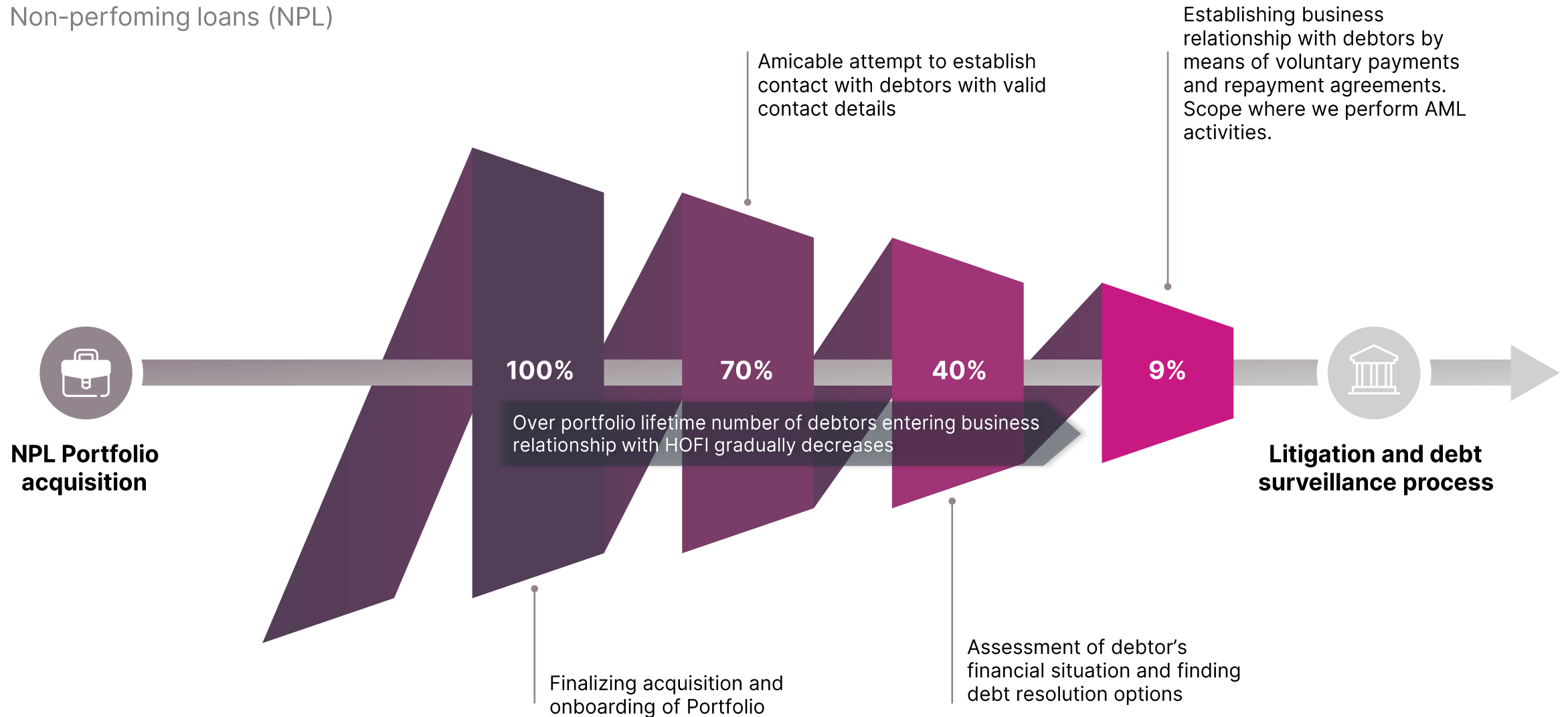


We contribute to a financially healthy and resilient Europe



Collection

Non-performing loans (NPL)



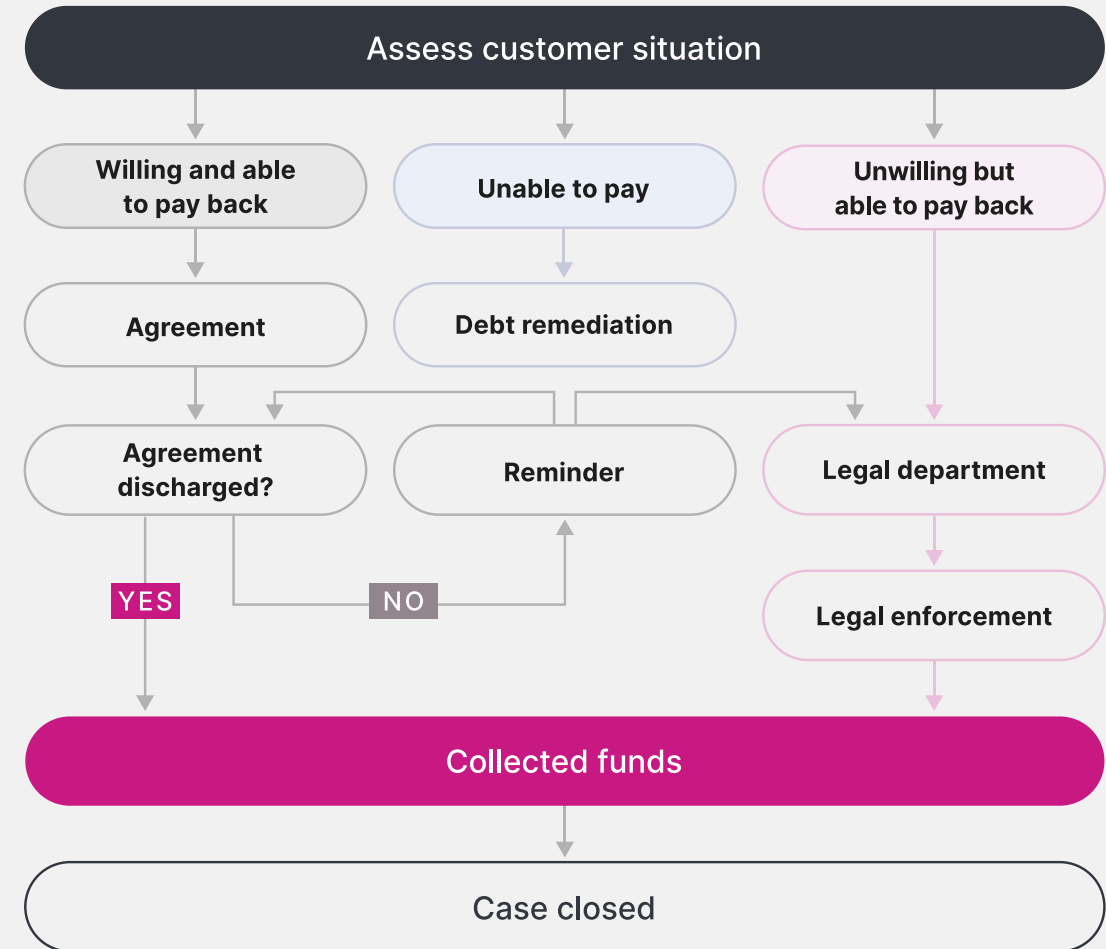
NPL Collection process

Amicable and sustainable agreements

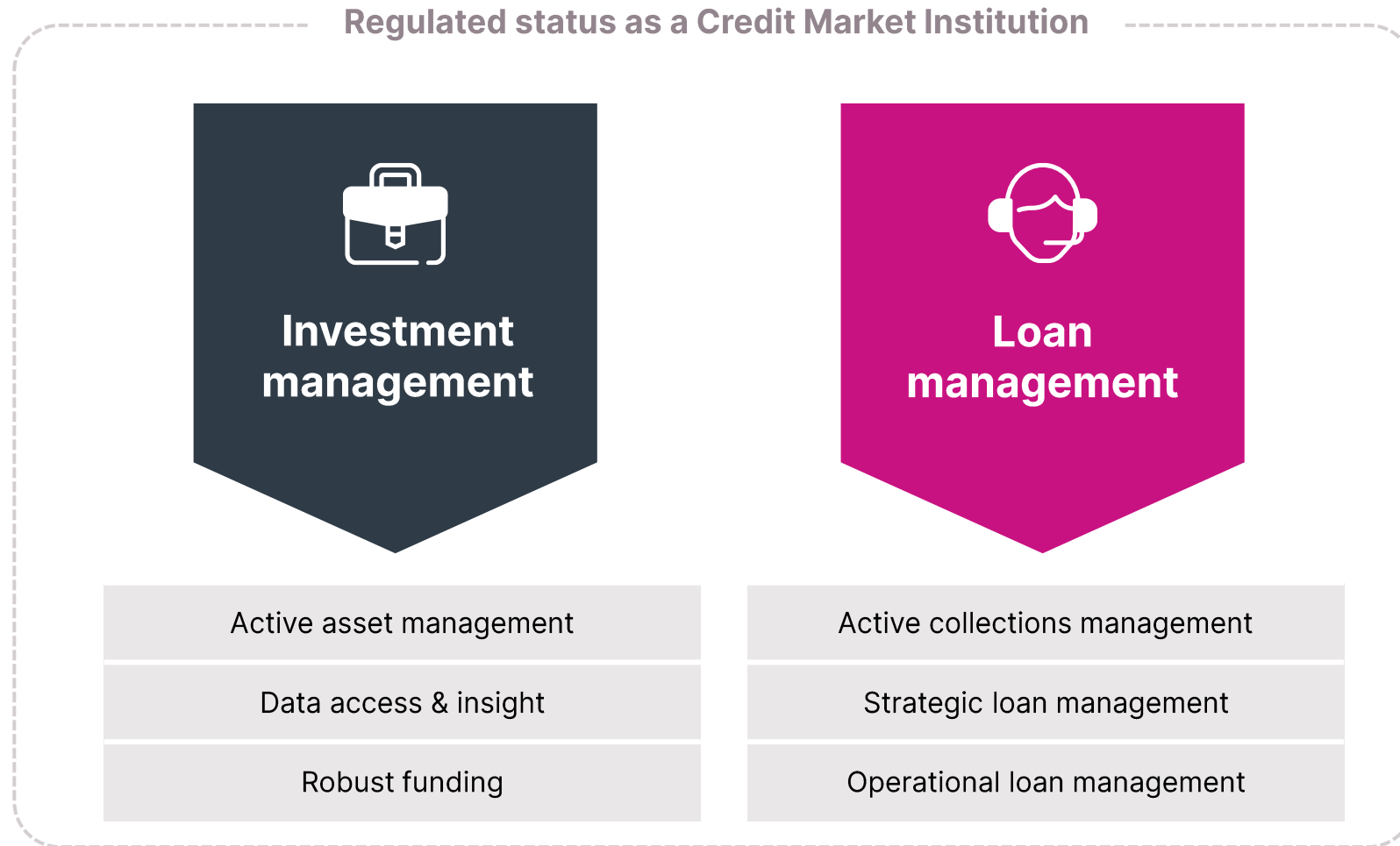
The amicable settlement model considers each customer's individual circumstances. The aim is to establish a sustainable, voluntary and affordable repayment plan in close dialogue with the customer.

Legal and enforcement actions

In cases where our primary solution-oriented tools are not effective, we turn to judicial enforcement procedures. While we aim to resolve claims by working with customers without relying on legal enforcement, we will direct a customer to the legal and enforcement phase if we believe that this is the optimal strategy.



Our strategy



Our strategy

Investment management



- » Deploy capital to the most profitable opportunities with the highest risk-adjusted return
- » Combine bilateral bank partnerships and auction-based acquisitions and aim for a balance between smaller and larger deals
- » Balanced geographical and asset class exposure
- » Actively use data to continuously follow the loans and adjust collection strategies, repackage loans into new portfolios, outsourced, or when right to do so, consider sale

Loan management



- » Excellent customer experience by optimal use of different communication and payment channels
- » Benchmark and define "best-in-class" collection models
- » Operational flexibility by a combination of inhouse and outsourced collection
- » Optimise cost to collect by use of intelligent data algorithms and automation
- » Secure efficient and scalable platforms to have the ability to scale up
- » Safe, secure and high performing technology platform, driven by business strategy

Capital & Funding



- » Optimal funding structure, designed to match the expected development of the balance sheet in a long-term viable way, while also being cost efficient. It can involve partnerships when beneficiary
- » Remain an FSA regulated credit institution
- » Maintain our investment grade rating

Business model



	PURPOSE	TARGET
Investment management	We are a partner to European credit institutions, supporting them to free up resources for their respective core business by reducing capital requirements and cost of capital	Become the preferred partner to European credit institutions for non-performing debt
Loan management	We are a partner to consumers and companies in a debt situation and strive to be the most innovative organisation to resolve people's debt in default and get them back on track financially	Become the most trusted and compliant company in the finance sector
Capital and funding	Optimal funding structure by leveraging on our multi-market deposit taking platform and complementing market funding access through Hoist Finance's investment grade rating, to maintain a sustainable cost-efficient and diversified funding structure	Maintaining a cost-efficient funding structure by offering safe deposits at competitive rates to retail depositors in select European markets

Asset classes

Unsecured

A loan that is issued and supported only by the borrower's basic credit score

Personal loans, credit cards, overdrafts, consumer finance loans

Average claim size EUR 5,000 – 10,000

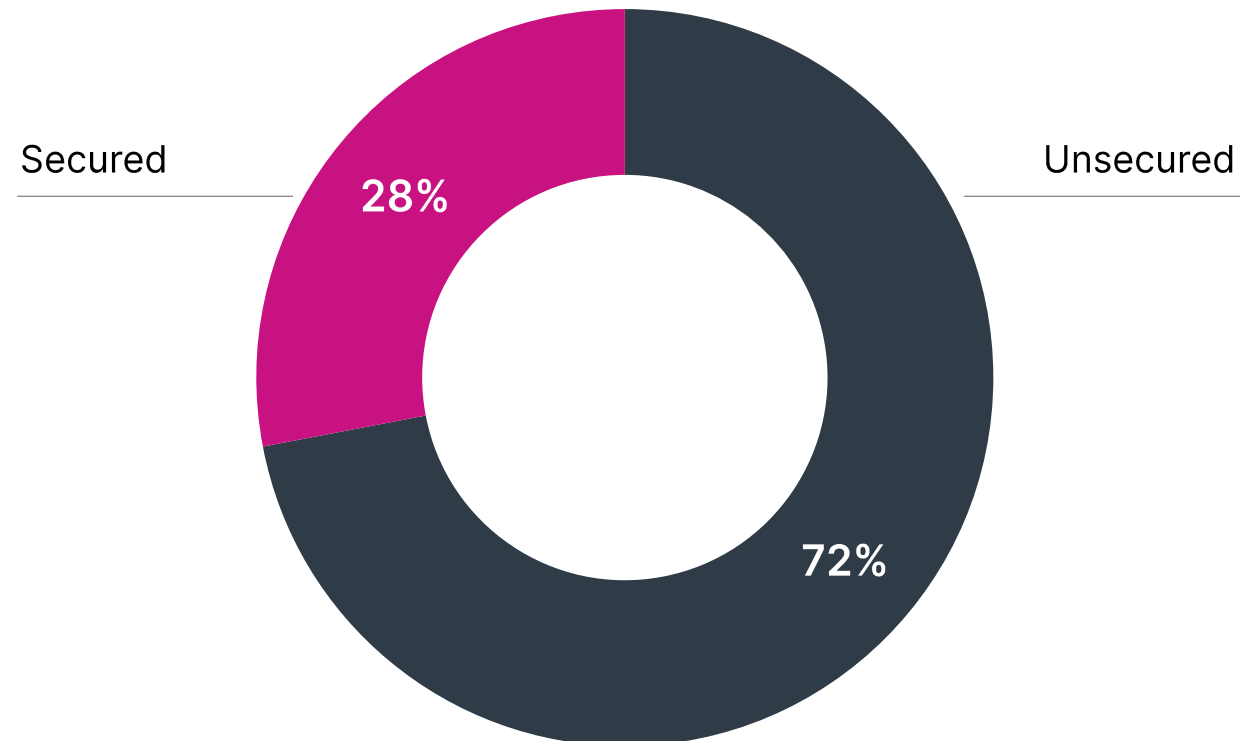
Secured

A loan in which the borrower pledges some asset as collateral for the loan, which then becomes a secured debt owed to the creditor who gives the loan.

Mortgage, leasing contracts, collateralised guaranteed business loans

Average claim size EUR 90,000 – 110,000

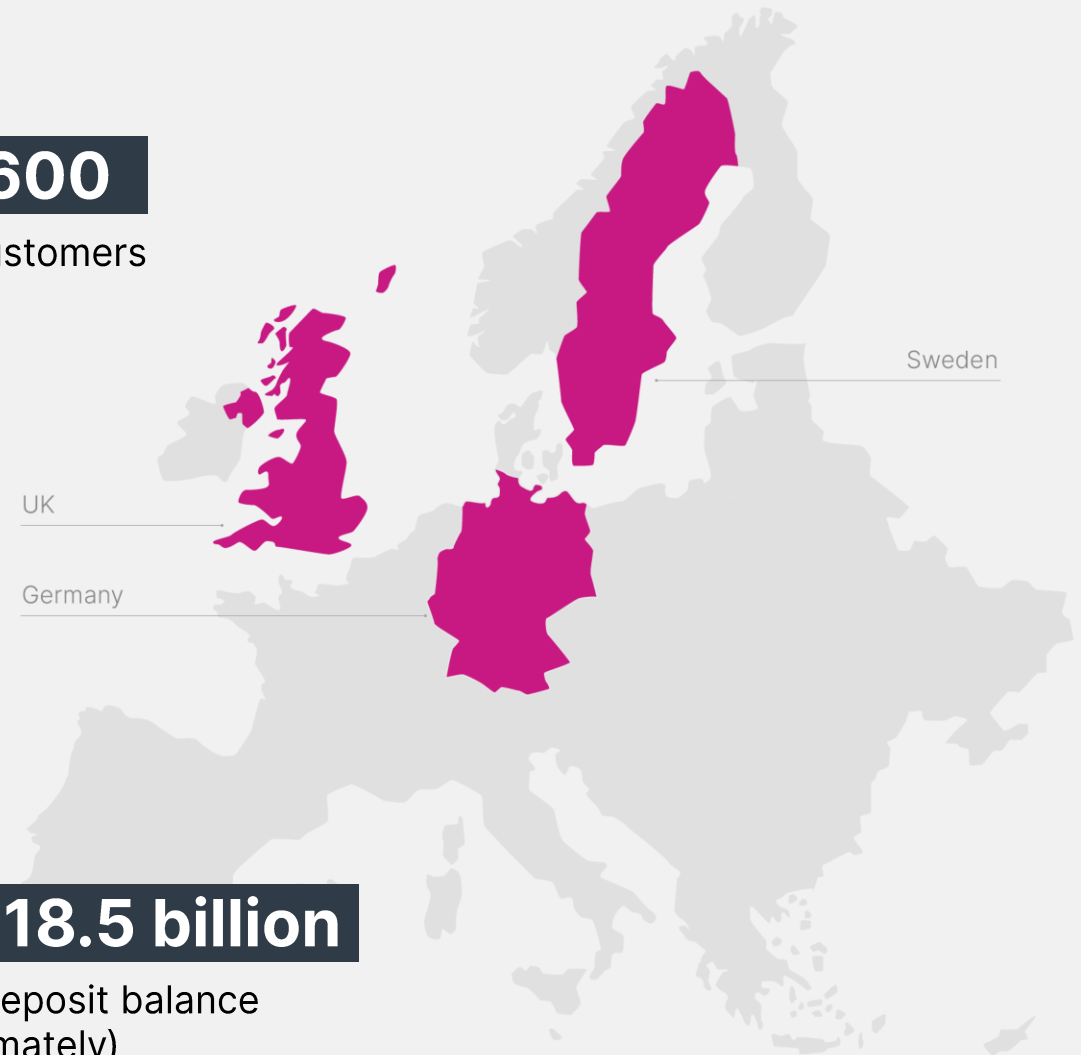
Book value per asset class (Q2 2023)



Deposit offering

- » As a regulated credit market institution under the supervision of the Swedish FSA, Hoist Finance is able to offer deposits to the general public.
- » Deposit are offered under the HoistSpar brand in Sweden, Germany, and the UK since the launch in 2009.
- » Hoist Finance has passported its credit market license through cross-border services in Germany and Poland.
- » In the UK, the current setup does not require any banking licence in the UK since all regulated activities are conducted under the Swedish banking licence.

85,600
active customers



SEK 18.5 billion

In total deposit balance
(approximately)

Financial targets

Profitable growth

Solid capitalisation

>15%

Return on Equity¹

> 15% CAGR³

Over a business cycle

EPS growth²

14.75

6.69 percentage points above
regulatory requirements

CET1 ratio

25-30%

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

Notes:

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

Achievements Rejuvenation programme 2021-2023

Programme closing on 30 September 2023



Strategy

Improved back-stop options, balanced asset management, flexible approach in our operational platforms and profitability growth on track



Governance / Structure

New Executive Management Team, increased profit/loss responsibility and simplified reporting lines makes for efficient decision making



Investments

Strategic sourcing, bilaterals, secondary market, pricing discipline and ability to deal in special situations



Operational performance

Improved operational performance to be flexible and precise - outsourcing tool to manage marginal demand, specialist DCAs and benchmarking, process automation, use of decision engines, focus on digitalisation



Non-operational cost reduction

Reduced non-operational costs, through both efficiency and structural initiatives, procurement company in place







Capital & Funding

Increased capital ratios re-building trust among our main stakeholders, after discontinued UK operations

Sustainability & ESG at Hoist Finance

- » Hoist Finance's sustainability strategy is integrated into our business strategy and aims to contribute to sustainable development and create long-term shared value for all stakeholders.
- » Our material sustainability impacts, presented on the right-hand side, are embedded into our four strategic pillars, each connected to indicators and targets to track our performance.
- » The social aspect of the ESG framework is where we have the largest impact, by contributing to a more inclusive financial ecosystem for our customers, partners and society.
- » Hoist Finance is conducting its first formalised Double Materiality Assessment (DMA) during 2023 according to the Corporate Sustainability Reporting Directive (CSRD) requirements and the European Sustainability Reporting Standards (ESRSs). The outcome of the DMA will provide further insight into our management of sustainability-related impacts and ESG-related risks and opportunities throughout our value chain.
- » We believe that transparency is essential for improving performance and driving change in the industry. In preparation for CSRD-aligned reporting and external limited assurance, Hoist Finance is currently focused on building a mature non-financial reporting organisation with clear governance structures, improved information flows and strengthened data quality. Hoist Finance is also subject for information disclosures under the EU Taxonomy Regulation, the Non-Financial Reporting Directive (NFRD), upcoming Pillar 3 ESG requirements and voluntary schemes such as the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations, the GRI Standards 2021, the UN Global Compact Ten Principles and the Sustainable Development Goals.

Our Four Strategic Pillars & Material Topics

<p>[SOCIAL]</p> <p> We contribute to an inclusive financial ecosystem</p> <ul style="list-style-type: none"> » Financial inclusion and financial literacy » Enable stable and healthy financial ecosystem for partners and society » Ethical and fair customer treatment » Enhanced customer experience » Vulnerable customer treatment 	<p>[SOCIAL]</p> <p> We create a great place to work</p> <ul style="list-style-type: none"> » Diversity, equality and inclusion » Fair remuneration and decent labour conditions » Healthy and safe workplaces » Professional development
<p>[GOVERNANCE]</p> <p> We uphold the highest ethical standards</p> <ul style="list-style-type: none"> » Business ethics and anti-corruption » Data protection and customer integrity » Cybersecurity 	<p>[ENVIROMENTAL]</p> <p> We reduce our environmental impact</p> <ul style="list-style-type: none"> » Reduced climate impact

Our contribution to the SDGs:



Agenda

- » Business overview
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Highlighted:

A changing secondary market

- » During the past six months, the secondary market has shown increased activity, which continues to grow.
- » Industry peers are reviewing their strategies due to limited access to funding, leading to increased volumes coming to the market.
- » Through our retail deposit offering, we have the lowest funding cost in the industry, making us very well equipped to seize the opportunities that this changing environment provides.
- » We have already entered several large partnerships with some of the most renowned names in the industry, and our strategy of active loan management continues to be a competitive advantage.

Long-term trends in the NPL market



Regulations

- » The financial sector is highly regulated, and regulatory changes have a significant impact.
- » Stricter EU requirements for credit servicers, including authorization and disclosure, are expected.
- » The EBA implemented a "prudential backstop" regulation for minimum loss coverage of NPLs in 2019.
- » Unsecured NPL exposures must be fully deducted from own funds after three years from default under this regulation.



Specialisation

- » In the current macroeconomic landscape, marked by elevated funding costs and rising inflation, specialisation and focused business strategies emerge in the NPL-market.
- » Managing NPL portfolios demands capital and manpower, and scale growing in importance for profitability.
- » Sector companies are splitting their approaches, settling either toward debt collection or asset management as primary strategies.



Competition

- » NPL investments attract diverse participants, notably private equity funds, investing directly or indirectly via securitization.
- » These participants often possess ample capital resources and leverage advanced data analytics.
- » New entrants include servicers experienced in supporting investors and large international servicing platforms. These platforms accelerate growth through acquisitions, capitalizing on economies of scale, expertise, and commercial reach.



Growth in the secondary market

- » The appetite of investors to offload some or all of their NPL investments drives increased secondary market activity.
- » Funds must consider reversing NPLs into new funds or selling assets to repay investors.
- » EBA proposals to standardize information requirements for NPL sellers can boost the secondary market.
- » EBA's standardisation aims to improve transparency, enable cross-country comparisons, and reduce information disparities between sellers and buyers.



New technology and data

- » Rapid technological advancements lead to more efficient debt collections at reduced costs.
- » Deeper analytics and insights enable detailed client profiling for risk assessment, optimized legal services, cost reduction, and improved customer experiences.
- » Artificial intelligence and automation efficiently process data, recognizing core patterns, enhancing debtor understanding, and significantly improving collections efforts.



Increased focus on consumer protection

- » The EU Directive on credit servicers and credit investors seeks to promote secondary markets for non-performing loans while preserving borrowers' rights.
- » EU member states must incorporate the directive into their national laws by the end of 2023.
- » National legislation must include provisions to ensure fair treatment of borrowers, including preventing harassment in communications and establishing complaint management processes.
- » This legislation will play a crucial role in driving industry improvements for customer protection.

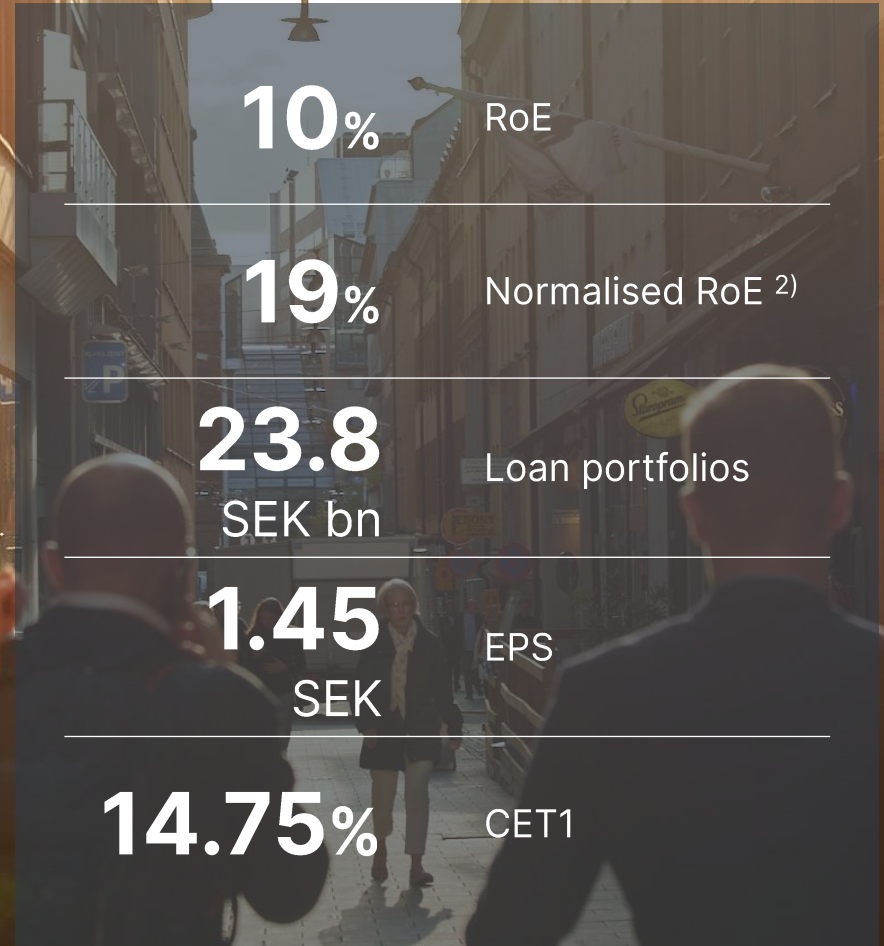
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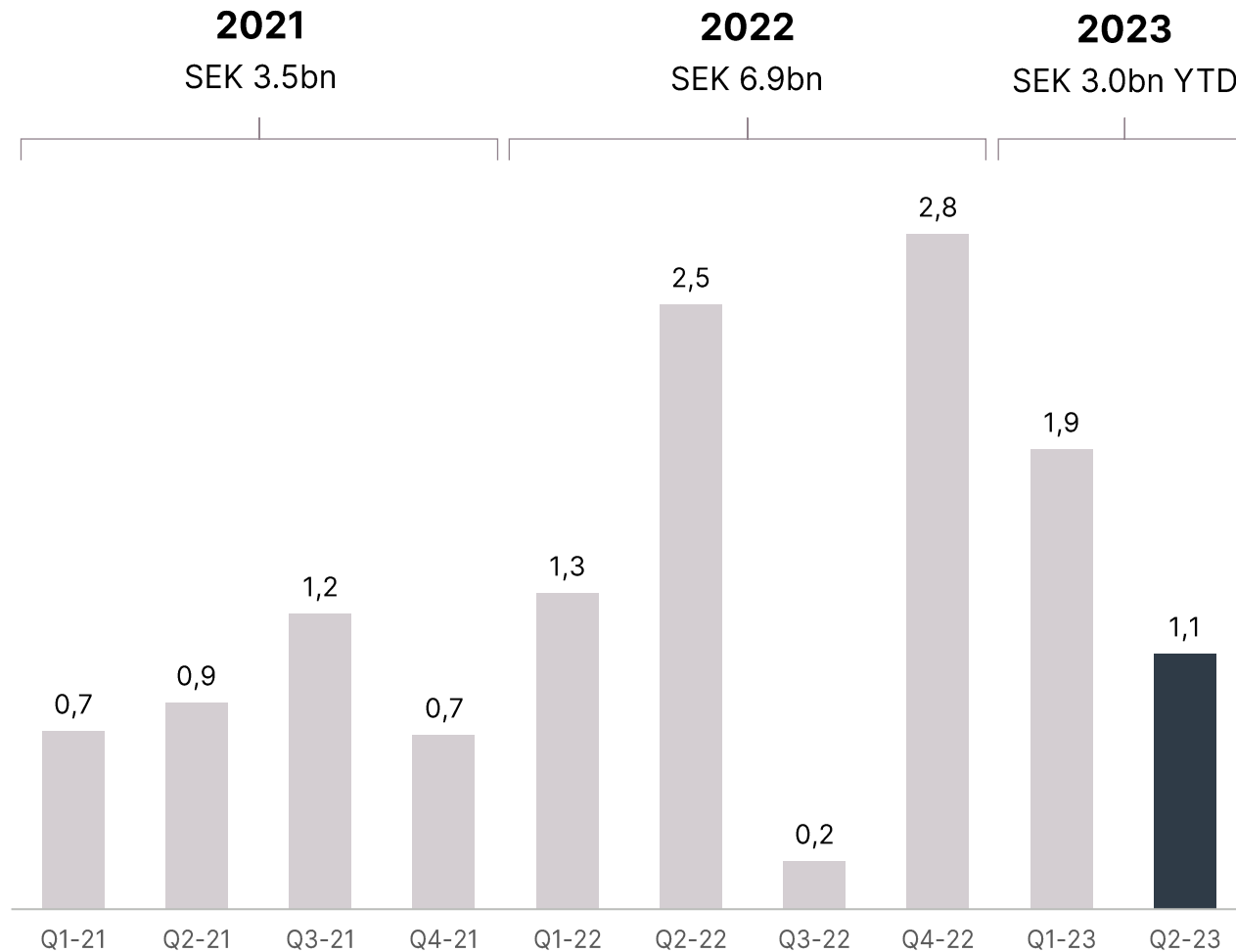
Key highlights

- » Profit before tax amounted to SEK 178m and adjusted for rejuvenation costs of SEK 75m, totalled at SEK 253m growing over 100 per cent year over year (1)
- » Return on equity of 10 per cent with normalised return on equity of 19 per cent, reflecting underlying business performance (2)
- » Investments in new portfolios of SEK 1.1bn in the second quarter, with SEK 1.3bn signed after quarter closing with continued healthy pipeline
- » Strong collection performance of 108 per cent
- » Funding base continues to remain stable and increasingly competitive in an uncertain and volatile macro environment
- » Robust capital and liquidity positions, materially above regulatory requirements, with a CET1 ratio of 14.75 per cent
- » Continued execution of the rejuvenation program with reorganisation of our IT, Data and central Operations functions leading to annualised savings of SEK 85m in indirect cost. The program will be finalised in the third quarter
- » The Executive Management Team expanded to include all Market Heads and core Group Functions
- » Divestment of French unsecured legacy portfolio at a premium. France remains a prioritised market

1) 2022 adjusted for divested UK operations and the interest rate swap hedge accounting introduced 1 July 2022
2) Adjusted for items affecting comparability and capitalisation to be in line with financial target



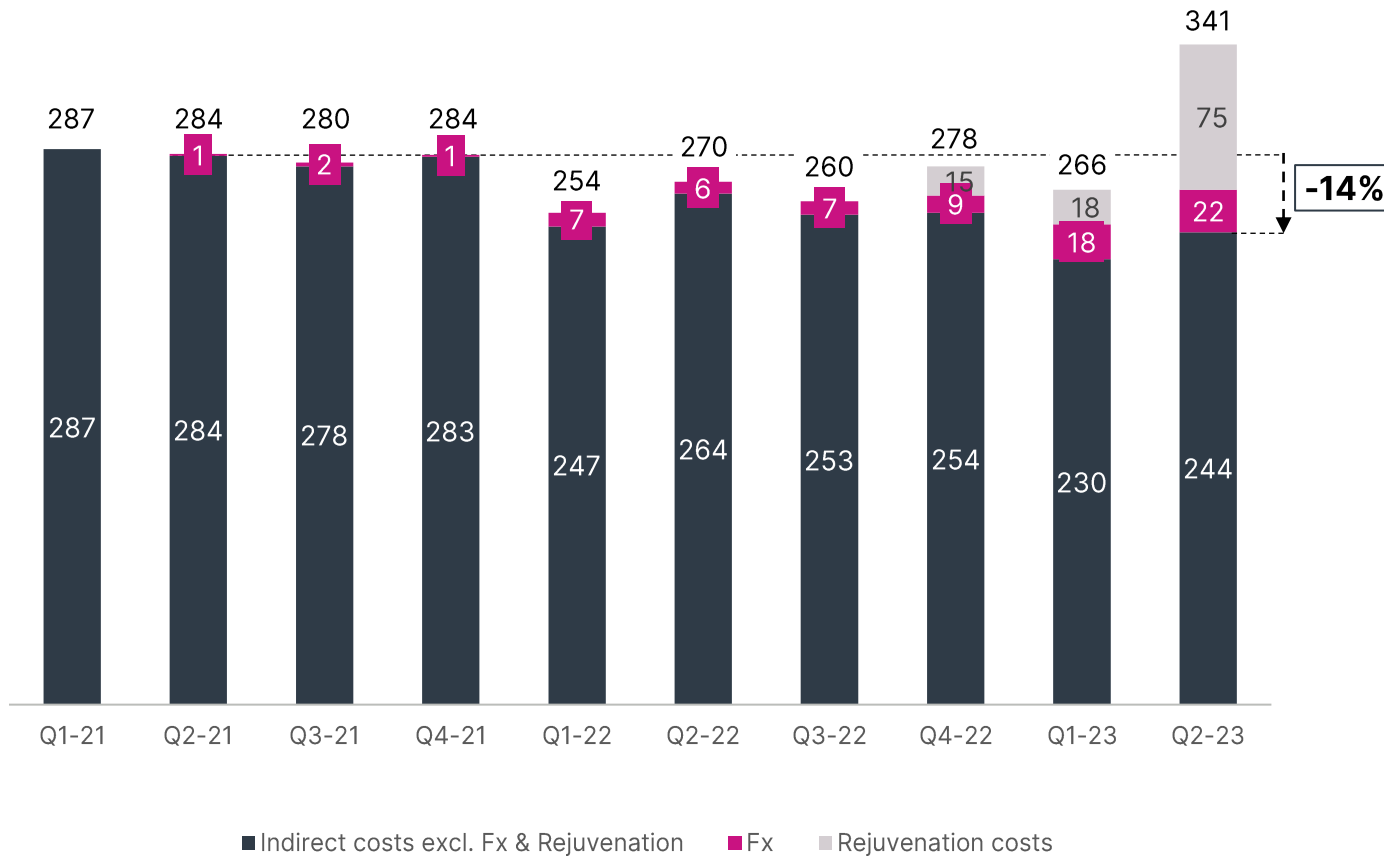
Portfolio acquisitions



- » Focus on larger, more complex deals with higher risk-adjusted returns
- » SEK 1.3bn signed after quarter closing
- » Fourth quarter expected to remain seasonally strongest investment quarter

Indirect costs development

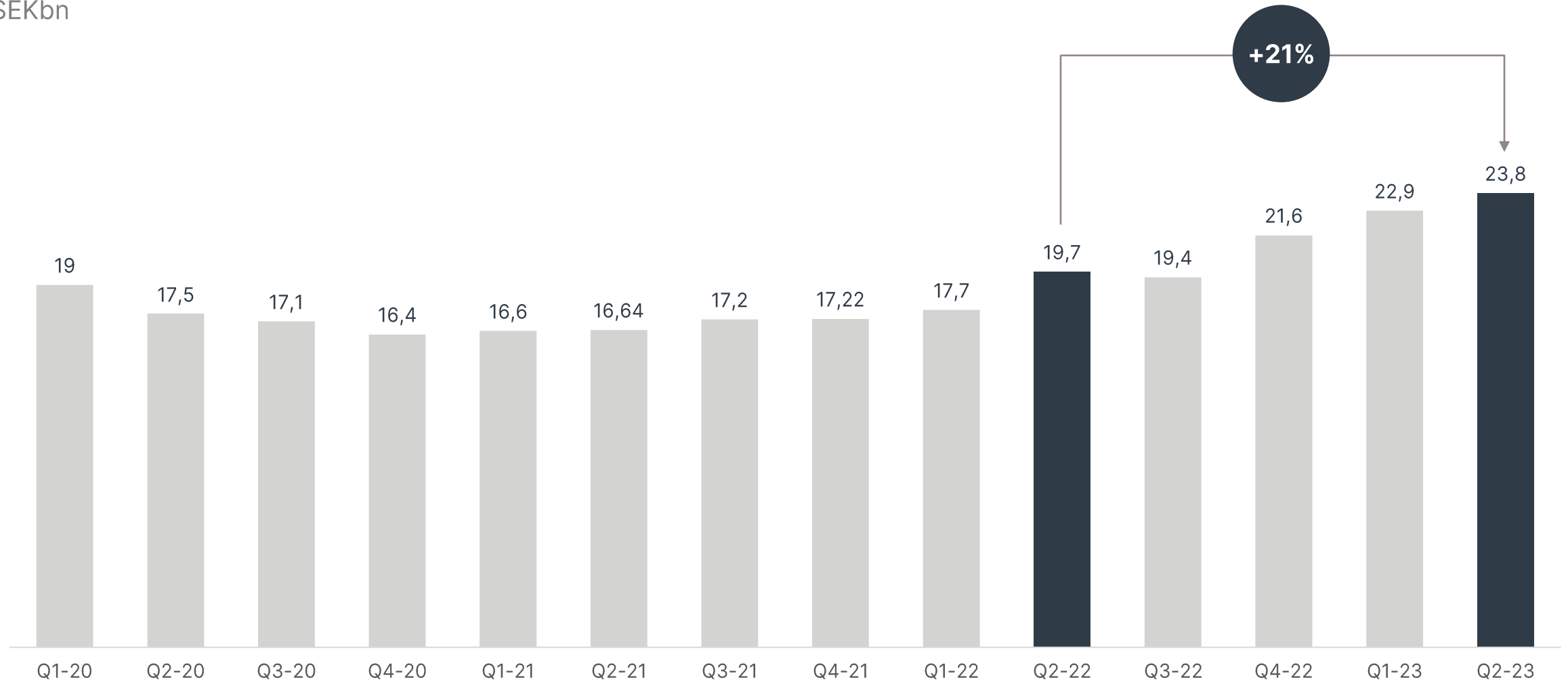
SEKm



- » Ongoing cost optimisation of indirect costs
- » 14% reduction of indirect costs vs Q1 2021 including impact of inflation and excluding FX and rejuvenation costs
- » Continued execution of the rejuvenation program with SEK 85m of annualised indirect cost saves executed in the quarter
- » Reorganisation of our IT, Data and central Operations functions thereby reducing about 75 FTEs on Group level and about 20 contractors
- » Q2 rejuvenation costs/ IAC's relate specifically to employee restructuring

Portfolio book value, continuing operations

SEKbn



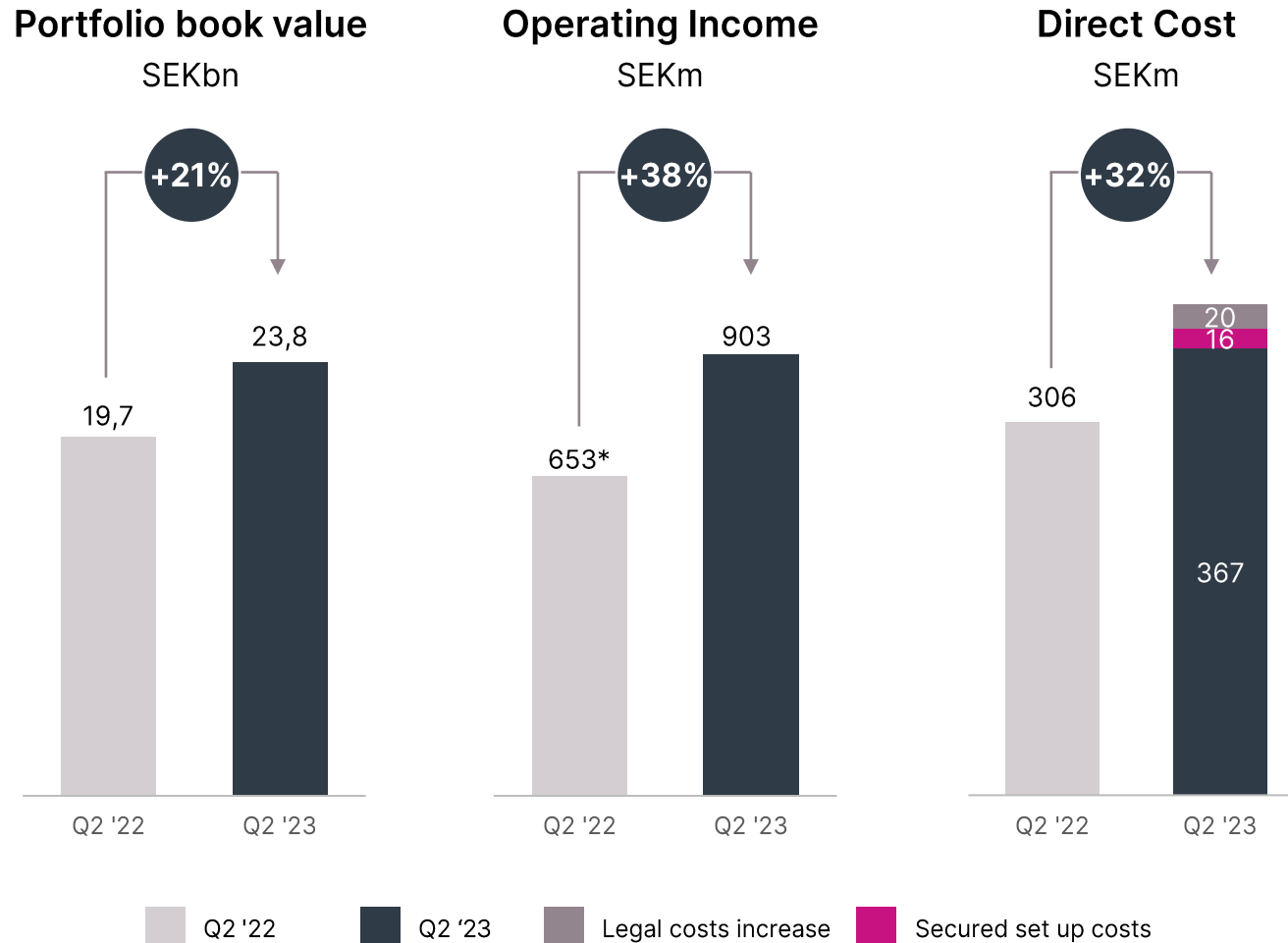
Financial summary

SEKm	Quarter 2 2023	Quarter 2 2022	Quarter 2 2022 Adjusted for comparison	Change vs Adjusted %
Interest income	829	659	659	26%
Other interest income	43	3	3	>100%
Interest expense	-177	-132	-95	86%
Net interest income	695	530	567	23%
Other income (incl. impairment gains & losses)	220	73	73	>100%
Net result from financial transactions	-12	131	13	<-100%
Total operating income	903	734	653	38%
Total operating expenses	-668	-527	-548	22%
Share of profit from joint ventures	18	11	11	63%
Profit before rejuvenation	253	218	116	>100%
Rejuvenation cost	-75	0	0	n/a
Profit before tax	178	218	116	52%
Net profit from discontinued operations, net of tax ⁴⁾	-	40	-	n/a
Net profit for the quarter	161	217	92	73%
Key Ratios	Quarter 2 2023	Quarter 2 2022	Quarter 2 2022 Adjusted for comparison	Change vs Adjusted %
Reported ROE	10%	19%	n/a	n/a
Normalised return on equity, %	19%	n/a	6%	12 pp
Portfolio acquisitions	1,139	2,508	2,508	-55%
Loan portfolios	23,797	19,680	19,680	21%

- » Operating income growth of 38% driven primarily by increase in the book and strong collection performance of circa 108%
- » Returns from the liquidity buffer partially offsetting increased deposit rates in the quarter
- » French unsecured legacy portfolio divested at a premium to book value
- » 22% increase in costs driven by growth of book, currency movements, and inflation impact
- » Earnings before tax adjusted for rejuvenation cost of SEK 75m grew 118%, from SEK 116m to SEK 253m
- » Adjusted for comparative purposes, net profit grew from SEK 92m to SEK 161m

1) Second quarter 2022 interest expenses adjusted by SEK 37m pertaining to UK divested operations
2) Second quarter 2022 operating expenses adjusted by SEK -21m for retained UK Group staff, previously in the divested UK legal entity
3) Second quarter 2022 net result from financial transaction adjusted for SEK 118m unrealized changes in value - interest rate swap - one time
4) Second quarter 2022 adjusted to not include net profit from discontinued operations

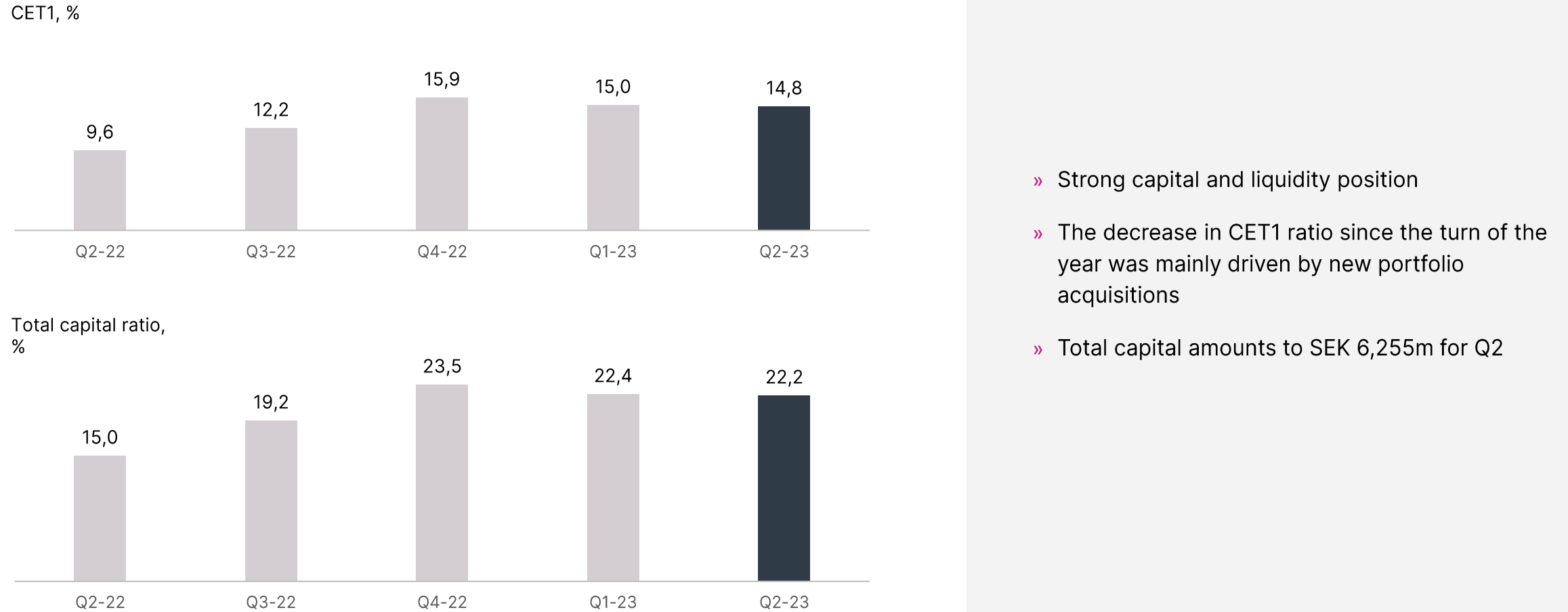
Direct cost development (Q2 to Q2)



- » Growth in portfolio book value of 21% and higher collections driving higher direct costs
- » Overall direct costs increase by 32%, impacted by one-time items:
 - Secured set up costs and normalization of legal spend (SEK 36m)
- » Underlying costs are 20% higher driven by:
 - SEK 27m, portfolio book value growth driving higher collection costs
 - SEK 26m, FX
 - SEK 8m, inflation

*Q2-22 operating income normalized for interest expenses related to UK sold entity and gain on Hedge Swaps income

CET1 and total capital development



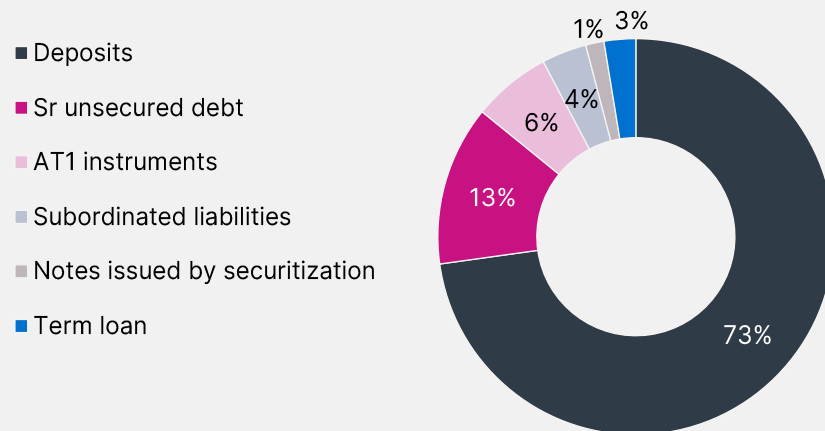
Agenda

- » Business overview
- » Market update
- » Financial update
- » **Capital, funding and liquidity**
- » The transaction

Funding

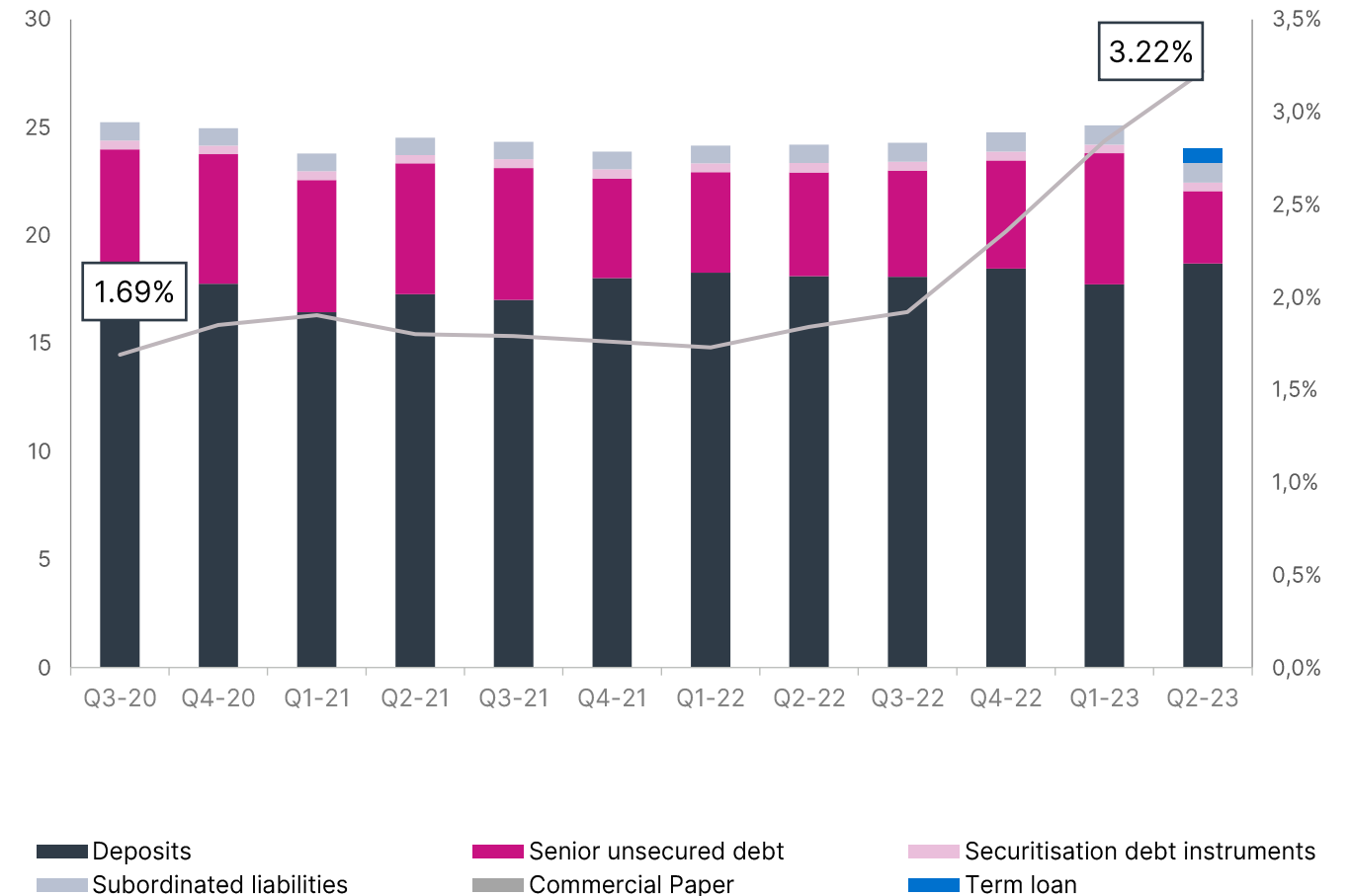
- » Large, cross-market deposit base (73% of total funding) provides stability and access to competitively priced funding also in volatile macro environment
- » The current volatile macro environment with rising rates has impacted Hoist Finance's total funding costs relatively less than that of the sector as a whole
- » Senior unsecured debt issuance (13% of total funding) complements deposits in optimising Hoist Finance's funding structure from perspectives of risk management and efficiency

Funding distribution as per Q2 2022



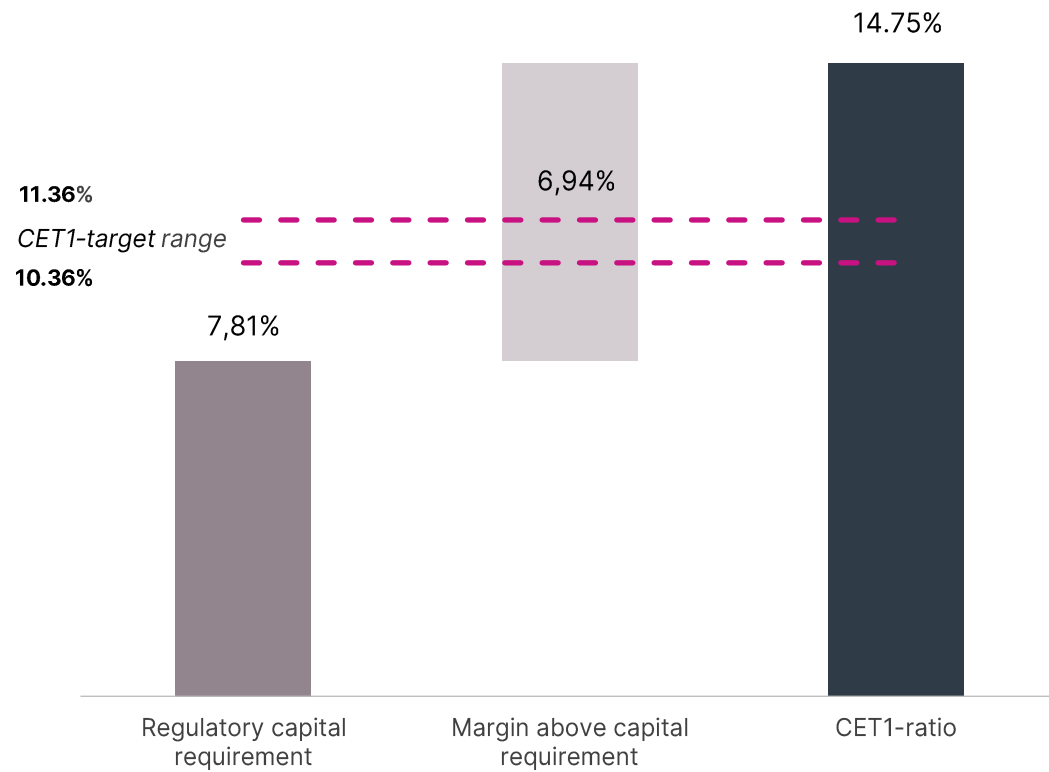
Funding¹, SEKbn

Avg. cost of funding

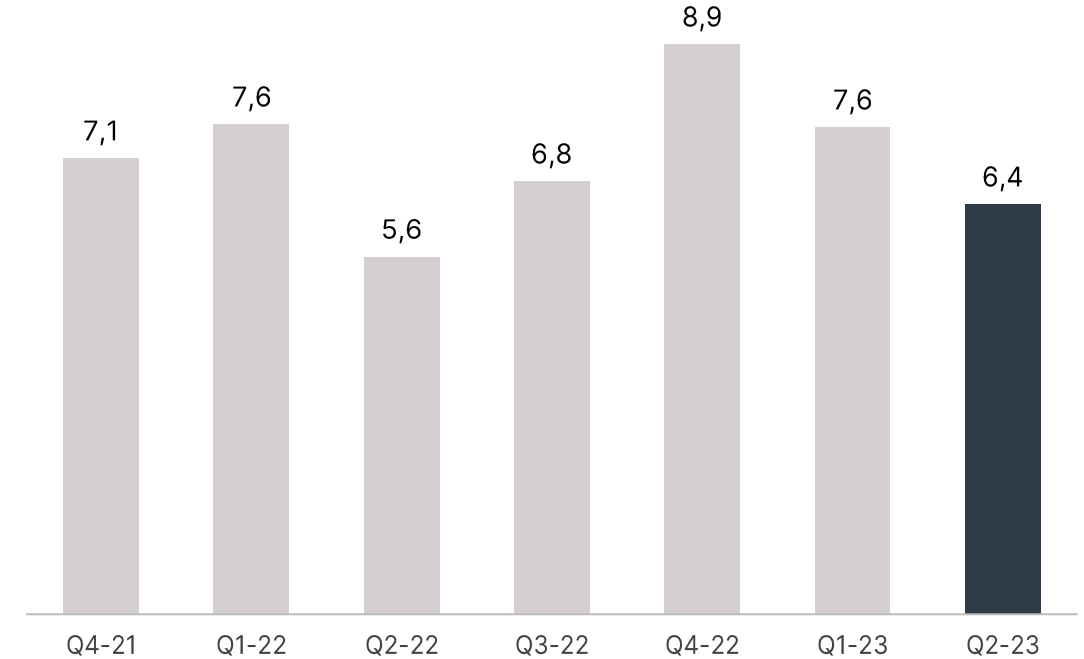


Capital and liquidity position

Capitalisation, %



Liquidity reserve, SEKbn



Agenda

- » Business overview
- » Market update
- » Financial update
- » Capital, funding and liquidity
- » **The transaction**

Transaction overview

Transaction rationale

- » Hoist Finance continues on its SEK market strategy – following on the SEK market re-entry with a three-tranche issuance in March – with a view to become a frequent issuer across the credit curve
- » European NPL Markets are currently very dynamic with a large pipeline looking ahead, including an unusually high proportion of large and very large transactions
- » Favourable market opportunity to pre-fund budgeted, new NPL acquisitions

Summary of indicative terms

Issuer	Hoist Finance AB (publ) (“ Hoist Finance ” or the “ Issuer ”)
Issuer rating	Baa3 (Neg) by Moody’s
Issue rating	Baa3 (expected) by Moody’s
Description	Euro medium term note programme
Status	Senior unsecured notes, FRN
Currency	SEK
Denomination	SEK 1,250,000
Amount	SEK [●]m
Call structure	Bullet
Use of proceeds	General corporate purposes
Listing	Euronext Dublin
Law	English Law
Documentation	The Issuer’s EUR 1,000,000,000 EMTN programme dated 22 June 2023 as supplemented on 14 September 2023
Joint bookrunners	Nordea Bank Abp and Swedbank AB (publ)

Hoist Finance's key credit highlights

- 1** More than 25 years of experience and expertise from non-performing loan assets
- 2** Regulated status as a credit market institution provides for solid capitalisation, strong liquidity and access to cheap retail deposits as well as access to diverse wholesale funding
- 3** Through our regulated status, a trusted partner to Europe's large international banks selling non-performing loan assets
- 4** Active presence on 10 markets across Europe with a proven track record of strategically entering new markets
- 5** On a journey to become the leading NPL asset management company in Europe for consumer secured and unsecured loans, with completed rejuvenation programme creating competitive edge in our industry
- 6** Rating of Baa3 makes Hoist Finance the only investment grade rated issuer in the NPL sector
- 7** Supporting underlying market trends

Thank you!

