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CREDIT OPINION
14 February 2020

Update

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RATINGS

Hoist Finance AB (publ)

Domicile	Sweden
Long Term CRR	Baa3
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Baa3
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	Not Assigned

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Louise Lundberg +46.8.5179.1280
VP-Sr Credit Officer
louise.lundberg@moodys.com

Elena Ioannou, CFA +44.20.7772.1716
Associate Analyst
elena.ioannou@moodys.com

Simon Ainsworth +44 207 772 5347
Associate Managing Director
simon.ainsworth@moodys.com

Sean Marion +44.20.7772.1056
MD-Financial Institutions
sean.marion@moodys.com

Hoist Finance AB (publ)

Update to credit analysis

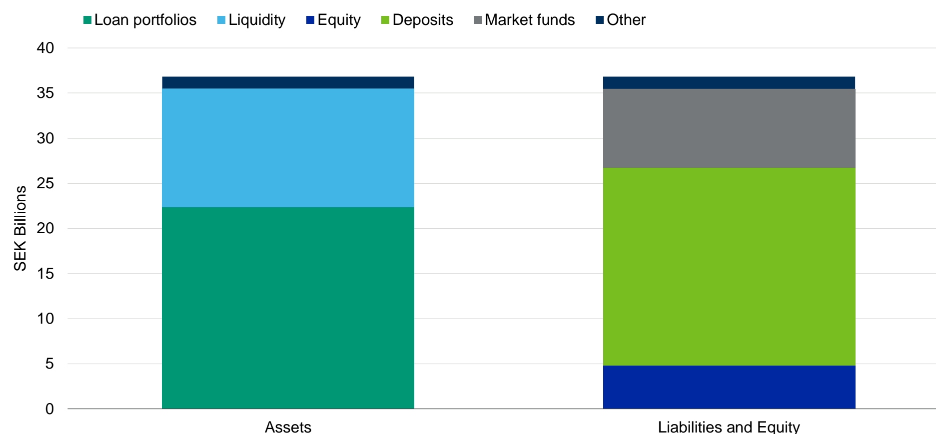
Summary

We assign a ba3 Baseline Credit Assessment (BCA), Baa3 long-term (LT) issuer and senior unsecured debt ratings, along with (P)Ba3 junior senior (often referred to as senior non-preferred) and Ba3 subordinate debt ratings to Hoist Finance AB (publ) (Hoist). The LT issuer and senior unsecured debt ratings carry a stable outlook.

Hoist's ba3 BCA is underpinned by its sound capitalisation, coupled with a retail deposit-based funding profile and large liquidity reserve (see Exhibit 1). These strengths are counterbalanced by it's monoline business model, recent regulatory changes resulting in increased risk weights and more volatile profitability, the valuation and pricing risks associated with the acquisition of nonperforming debt portfolios, and the concentration risk stemming from a limited number of loan originators.

Hoist's LT debt ratings incorporate the results of our Advanced Loss Given Failure (LGF) analysis, which takes into account the severity of loss faced by different liability classes in resolution, and our expectation of a low probability of government support.

Exhibit 1
Hoist's balance sheet structure as of end September 2019
Hoist has a large deposit base and liquidity reserve



Source: Company's financial report

Credit strengths

» BCA supported by Hoist's Strong Macro Profile

» Solid and diversified market position in the European debt-purchasing business

» Adequate capitalisation, which improves its risk profile

» Strong funding profile, driven by a large deposit base

» Large liquidity portfolio, which provides flexibility

Credit challenges

» Recent regulatory changes, resulting in significantly increased risk weights and more volatile profitability over the medium term

» Model risk associated with the valuation and pricing of the purchased portfolios

» Concentration risk stemming from limited suppliers of debt portfolios

» Modest profitability

» Event risk arising from potential litigation or legislative actions

Outlook

The outlook on the long-term issuer and senior unsecured ratings is stable, reflecting our expectation that Hoist's credit fundamentals and liability structure will remain in line with its current ratings over the next 12-18 months.

Factors that could lead to an upgrade

Hoist's BCA could be upgraded if the company (1) improves its profitability significantly on a sustained basis, without increasing earnings volatility; (2) increases its capital targets significantly and demonstrates the ability to maintain higher capital levels; or (3) diversifies its business model.

An upgrade of Hoist's issuer and senior debt ratings would be prompted by an upgrade of the company's BCA. At the same time, the junior senior and subordinated ratings could be upgraded either as a result of an upgrade of the BCA or if the company were to increase the size of its subordinated debt significantly.

Factors that could lead to a downgrade

Hoist's BCA could be downgraded if (1) its profitability or capital decreases significantly, among other things, as a result of the recent regulatory changes; (2) the company materially increases its reliance on market funding; or (3) our assessment of Hoist's asset risk deteriorates.

In terms of the issuer, senior, junior senior and subordinated ratings, a downward movement is likely in the event of a downgrade of Hoist's BCA or a lower notching from our Advanced LGF analysis.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Key indicators

Exhibit 2

Hoist Finance AB (publ) (Consolidated Financials) [1]

	09-19[2]	12-18[2]	12-17[2]	12-16[2]	12-15[2]	CAGR/Avg.[3]
Total Assets (SEK Million)	36,834.0	29,255.0	22,537.0	19,149.9	17,451.5	22.0[4]
Total Assets (USD Million)	3,746.3	3,299.7	2,752.6	2,108.0	2,070.0	17.1[4]
Tangible Common Equity (SEK Million)	3,750.0	3,336.0	2,561.0	2,302.4	1,960.1	18.9[4]
Tangible Common Equity (USD Million)	381.4	376.3	312.8	253.4	232.5	14.1[4]
Problem Loans / Gross Loans (%)	95.7	95.0	--	--	--	95.4[5]
Tangible Common Equity / Risk Weighted Assets (%)	11.0	9.8	13.0	13.7	13.2	12.1[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	623.3	628.9	--	--	--	626.1[5]
Net Interest Margin (%)	-1.5	-1.5	-1.6	-1.7	-2.0	-1.7[5]
PPI / Average RWA (%)	1.8	1.8	2.9	2.9	1.8	2.2[6]
Net Income / Tangible Assets (%)	1.8	2.0	2.0	2.2	1.3	1.9[5]
Cost / Income Ratio (%)	78.0	83.4	78.7	79.1	87.0	81.2[5]
Market Funds / Tangible Banking Assets (%)	22.0	20.7	19.6	16.6	7.2	17.2[5]
Liquid Banking Assets / Tangible Banking Assets (%)	35.4	25.9	30.8	31.1	30.4	30.7[5]
Gross Loans / Due to Customers (%)	100.5	119.1	111.9	104.8	86.7	104.6[5]

[1]All figures and ratios are adjusted using Moody's standard adjustments. [2]Basel III - fully-loaded or transitional phase-in; IFRS. [3]May include rounding differences due to scale of reported amounts. [4]Compound Annual Growth Rate (%) based on time period presented for the latest accounting regime. [5]Simple average of periods presented for the latest accounting regime. [6]Simple average of Basel III periods presented.

Source: Moody's Investors Service; Company Filings

Profile

Hoist Finance AB (publ) (Hoist) is one of the largest debt purchasers in Europe, with SEK37 billion (€3.4 billion) in estimated remaining collections over the next 180 months as of the end of September 2019. Hoist is a credit market company regulated by the Swedish Financial Supervisory Authority (SFSA). The company manages debt receivables in 11 countries across Europe and has plans to expand into new markets over the coming years.

Hoist primarily funds itself by accepting retail internet deposits in Sweden (Aaa stable) and in Germany (Aaa stable), and it is planning to open a deposit scheme in the United Kingdom (Aa2 negative). Hoist has increasingly accessed debt markets over the past few years.

Detailed credit considerations

Status as a regulated debt purchaser, which leads to increased scrutiny and surveillance

We consider the supervision by the SFSA a credit strength. The regulatory scrutiny imposed by the SFSA is similar to that of regular banks, and Hoist is required to report its capital adequacy and liquidity performance on a regular basis.

While Hoist's regulated status supports its ratings, recent regulatory changes pose challenges not faced by its unregulated peers. The increase in risk weights for unsecured nonperforming loans (NPLs) to 150% from 100% (announced by the SFSA in December 2018) has lowered Hoist's capital ratio and made it more capital intensive for Hoist to grow with respect to its asset class within a regulated structure. Furthermore, the European Union's (EU) new NPL prudential backstop legislation requires unsecured NPLs originated after 26 April 2019 to be written down in full after three years from when the loan became non-performing (NPLs secured on movable collateral need to be written down in full after seven years). This will introduce volatility in Hoist's profitability as the debt purchaser needs to write off NPLs in early years, with write-backs in later years.

In 2015, Hoist's shares were listed on the OMX Nordic Exchange in Stockholm, leading to increased transparency and reporting requirements. Hoist's board of directors mostly includes independent directors with long experience in the financial industry. Hoist has a separate risk-control function, and it employs three lines of defence and a companywide risk-management framework. All these elements contribute to a strong risk and governance framework compared with that of most of its peers.

Solid and diversified market position in the European debt-purchasing business, but limited product offering constrains the rating

Hoist's debt-purchasing business primarily focuses on the acquisition and collection of nonperforming unsecured consumer receivables originated through financial services institutions. Although Hoist will continue to face competition in a number of markets, we believe that the company's scale will allow it to consolidate its market share and expand its geographical coverage, in the absence of any negative reputational or conduct developments.

In 2015, Hoist expanded in (1) the UK through the acquisition of Compello, a British debt-purchasing company; and (2) Italy, where it acquired a small and medium-sized enterprise portfolio from an Italian bank. Hoist further strengthened its presence in Italy by acquiring a portfolio of secured assets in the third quarter of 2016. Hoist formally entered the Spanish market in June 2016 by acquiring a portfolio of NPLs. In September 2016, it acquired Optimus, a master servicing company offering a platform for future acquisitions of NPLs in Spain. Furthermore, in 2016, Hoist announced a strategic partnership with the Bank of Greece, the national central bank, to manage the aggregated NPL portfolio of 16 Greek banks under liquidation. In December 2019 Hoist acquired a €375 million French non-performing mortgage portfolio, its largest portfolio investment to date.

While we believe Hoist's international expansion creates opportunities, it also brings challenges for the company because of its exposure to more volatile operating environments in countries such as Italy and Greece. In Q4 2018, Hoist acquired its first Greek portfolio of consumer NPLs and small and medium-sized enterprise NPLs. In Q2 2019, Hoist finalised the acquisition of PLN400 million of assets held by the Polish debt management and collection company GetBack, making it the second-largest debt collector in Poland. It also finalised the acquisition of the Italian debt-collection company Maran Group.

We believe that the decision of the UK to leave the EU will not have any material impact on Hoist's credit fundamentals, primarily because (1) the company, like all debt purchasers, does not use a regulatory passport, as each country regulates the debt-management business on a standalone basis; (2) we expect a slowdown in the UK economy, with real GDP growing by 1.2% in 2019 and 1.0% in 2020, but we do not expect a recession that could have a significant impact on Hoist's collections; and (3) the company's geographical footprint is relatively diversified, with the UK accounting for 27% of its outstanding acquired portfolio as of the end of September 2019.

Despite its stronger market position and evolving business model, Hoist's ratings are constrained by the company's monoline business activities. Most of the company's revenue is generated by its debt-purchasing businesses (over 92%), driving us to apply a negative notch for business diversification. The revenue base is supplemented by income from debt collection and other sources (around 8% of revenue).

BCA supported by its Strong Macro Profile

Hoist's operating environment is primarily influenced by developments in the markets in which it acquires debt portfolios. The firm's exposures to the UK and Germany, countries with Strong+ Macro Profiles, accounted for 37% of its geographical exposure as of the end of September 2019. At the same time, Hoist has exposures in several countries with weaker Macro Profiles, such as Italy (Moderate+), Poland (Strong-) and more recently Spain (Strong-), which drives the overall Macro Profile down to Strong. This is also consistent with our expectation that Hoist will continue to acquire portfolios in countries across Europe that have weaker Macro Profiles, particularly given that such countries offer a large outstanding stock of debt portfolios.

The debt-purchasing and debt-collection businesses are exposed to different regulatory regimes, and could be affected by reputational damage from customers' complaints. However, these concerns are partially mitigated by Hoist's historically low level of complaints and the stable regulatory framework in the countries in which it currently operates.

Strong track record as a debt purchaser, but acquired nonperforming consumer loan portfolios are inherently risky

Hoist has developed a robust database over the last 20 years, which has contributed to it achieving a high level of pricing accuracy (actual collections from 1997 to 2017 were 4.3% higher than estimated collections on an aggregate basis). The pricing of receivables is based on a comprehensive modelling and analytical approach, while the portfolio of purchased receivables remains extremely granular. However, the continued successful operating performance of the business is dependent upon this accuracy, and a material mispricing of purchased portfolios could potentially lead to underperformance or even loss.

While an elevated stock of NPLs is inherent to a debt-purchasing business model, Hoist's asset risk weighs on its overall creditworthiness, reflected by its b2 Asset Risk score. Our assessment of Hoist's asset risk is driven by (1) the company's debt portfolio, which is nearly fully composed of NPLs, with problem loans/gross loans of 95.7% as of the end of September 2019; and (2) the speculative nature of these assets. Mitigating factors include the company's track record of accurately estimating the collections and the fact that the portfolios are acquired at prices substantially below par values, so a large proportion of the debt is already written off.

The receivables that Hoist acquires are, or have been, in arrears and are therefore speculative in nature. In addition to this, we note three key risks inherent in the business model: (1) model risk in relation to the valuation and pricing of its purchased receivables; (2) concentration risk related to suppliers (that is, debt originators or vendors); and (3) event risk arising from potential litigation or legislative actions.

While purchased receivables are extremely granular in terms of customer accounts, Hoist has a high level of concentration related to its suppliers. We recognise the fact that supplier concentration is common to debt-purchasing companies in Europe, given the limited number of debt originators that have the scale, and financial and IT capabilities to sell NPLs in the market. However, Hoist's operations are geographically diversified, reducing its relative exposure to country-specific factors and mitigating the concentration risk.

Adequate capital mitigates risk

We consider Hoist's capitalisation a positive rating driver. Hoist's nominal leverage ratio, calculated as tangible common equity (TCE)/ total assets, was 10.2% as of the end of September 2019. Although Hoist's leverage ratio is significantly higher than that of most other banks we rate in Sweden (because Hoist is subject to similar capital requirements as commercial banks), we believe that it is a reflection of the risks inherent to the debt-purchasing business.

Hoist reported a Common Equity Tier 1 (CET1) capital ratio of 10.3% as of the end of September 2019, which gives a 2.2% buffer to the regulatory requirement of 8.1%. Under normal conditions, the company aims to have a CET1 ratio that is 1.75%-3.75% above the regulatory requirement.

In December 2018, the SFSA announced that it will follow the European Banking Authority guidance regarding the risk weights for purchased defaulted assets. This means that Hoist needs to apply a 150% risk weight for its unsecured NPLs (compared with 100% previously), although the underlying risk of these assets remains unchanged.

As a response to the higher risk weights and nominal capital requirements, Hoist cancelled dividend payments in 2018 and 2019. The company also lowered the management CET1 target range by 0.75 percentage points from the target under the previous lower risk weights. Further mitigating actions include (1) speeding up the process to implement an internal ratings-based model to better reflect the underlying credit risk in the portfolios, (2) risk transfer through securitisations, (3) alternative investment fund structures, and (4) changes in the business mix. These would allow some capital relief.

As part of these strategies, in August 2019 Hoist completed a securitisation of a portfolio of Italian NPLs, placing the senior tranche with the global asset manager CarVal Investors. The transaction reduced Hoist's risk-weighted exposures. In December 2019, the company announced that it completed a second securitisation of a portfolio of Italian unsecured NPLs, which was rated investment grade.

Weaker profitability than that of its unregulated debt-purchasing peers

Compared with other debt-purchasing companies, Hoist is less profitable in terms of return on assets (net income/tangible assets was 1.8% during the first nine months of 2019), but it has more stable earnings. Because the other debt collectors we rate do not need to meet the same strict regulatory minimum capital and liquidity requirements as Hoist, they can devote more resources to higher-yielding nonperforming debt portfolios.

Hoist's profitability is likely to be more volatile over the medium term because the NPL prudential backstop will apply to future debt purchases. This means that Hoist will need to write down the full amount of these loans to zero significantly faster than it does today, with write-backs in the following years. Nevertheless, the mitigating actions that Hoist is planning to support its capital might also have a mitigating effect on the impact of the NPL prudential backstop.

To reflect Hoist's somewhat weaker profitability than that of its debt-purchasing peers, we assign a ba1 Profitability score to Hoist.

Mainly deposit-funded profile, with increasing reliance on debt markets

We consider Hoist's funding profile a relative strength for the company, and this is reflected in our assigned Funding Structure score of baa2. We take into account the fact that (1) deposits are collected through internet platforms, which we view as a potentially more volatile and less sticky form of funding than conventional bank deposits; and (2) Hoist's reliance on wholesale funding has increased in recent years.

Hoist has managed to remain attractive to savers, with retail deposits adding up to SEK21.9 billion as of the end of September 2019 (equivalent to 68% of total liabilities). In addition, Hoist launched a euro-denominated deposit-taking programme in Germany in September 2017. It is planning to set up a sterling-denominated deposit scheme in the UK, which is part of the company's efforts to diversify its deposit base and improve currency matching between funding and investments.

Although Hoist primarily funds itself through deposits, wholesale debt has increased in significance, reflecting the company's funding strategy and favourable market conditions, with the proportion of market funds to tangible assets reaching around 22% as of the end of September 2019, up from 7.2% in 2015. Hoist is also planning to issue non-preferred senior (junior senior) debt in future. Nonetheless, we do not expect a material change in the funding profile of Hoist in the near term.

Large liquidity portfolio provides flexibility

We view Hoist's strong liquidity (around 35% of tangible assets as of the end of September 2019) as one of its strengths. As a deposit-taking entity with liquidity requirements similar to those of regular banks, Hoist has to hold a large stock of liquid assets. However, the company does not have the same regulatory status as a bank and does not have access to central bank liquidity. Hoist has built up a significant liquidity portfolio of high-quality Treasury bills and Treasury bonds, overnight deposits with banks and covered bonds to offset this.

We view positively the fact that the large liquidity reserve gives Hoist the flexibility to acquire small debt portfolios without seeking additional funding or increasing leverage. It also enables the company to withstand stressed scenarios when wholesale refinancing would be more expensive or unavailable.

The lack of access to central bank liquidity, along with expected volatility in the liquidity reserve, results in a negative adjustment to baa3 from the baa1 Macro-Adjusted score.

Environmental, social and governance considerations

In line with our general view for the banking sector, Hoist has a low exposure to environmental risks. See our Environmental risks heat map for further information.

Hoist's exposure to social risks is moderate, in line with our general assessment for the global banking industry. See our Social risks heat map for further information. The most relevant social risks for banks arise from the way they interact with their customers. Social risks are particularly high in the area of data security and customer privacy, which are partly mitigated by sizeable technology investments and banks' long track record of handling sensitive client data. Fines and reputational damage because of product mis-selling or other types of misconduct are a further social risk. Social trends are also relevant in a number of areas, such as shifting customer preferences towards digital banking services increasing information technology costs, ageing population concerns in several countries, affecting the demand for financial services or socially driven policy agendas translating into regulations that affect banks' revenue base. Hoist does not offer any financial products except for deposits.

Governance is highly relevant for Hoist, as it is to all banks in the industry. Corporate governance weaknesses can lead to a deterioration in a bank's credit quality, while governance strengths can benefit its credit profile. Governance risks are largely internal rather than externally driven. Corporate governance remains a key credit consideration, particularly as Hoist is facing a number of regulatory challenges and the fact that the bad debt purchases business is associated with volatile balance sheets, and event risks from potential litigation or legislative actions. As such, it requires intense ongoing monitoring.

Support and structural considerations

Affiliate support

The ratings assigned to Hoist do not incorporate any uplift from affiliate support.

Loss Given Failure (LGF) analysis

We apply our Advanced LGF analysis to Hoist because the company is a regulated credit market company and, in the event of failure, we expect it to be subject to the EU Bank Recovery and Resolution Directive, which we consider an operational resolution regime. For this analysis, we assume a residual TCE of 3% and post-failure losses of 8% of total banking assets and a 5% run-off in preferred deposits, and assign a 25% probability to deposits being preferred to senior unsecured debt. These are in line with our standard assumptions. Particularly for Hoist, we assume that Hoist does not source deposits considered junior, compared with the standard assumption of 26% of total deposits, as the company fully relies on a retail deposit base.

Hoist's senior unsecured, junior senior and subordinated debt ratings reflect our Advanced LGF analysis of the company's current balance-sheet structure and plans for issuance over the next 12 months.

Hoist's senior unsecured creditors are likely to face extremely low loss-given-failure because of the loss absorption provided by its own volume and the amount of debt subordinated to it. This results in three notches of uplift from Hoist's Adjusted BCA for senior unsecured debt.

Hoist's junior senior and subordinated debt ratings are positioned at the same level as the Adjusted BCA, indicating a moderate loss given failure.

Counterparty Risk (CR) Assessment

CR Assessments are opinions of how counterparty obligations are likely to be treated if a bank fails and are distinct from debt and deposit ratings in that they (1) consider only the risk of default rather than the likelihood of default and the expected financial loss suffered in the event of default, and (2) apply to counterparty obligations and contractual commitments rather than debt or deposit instruments. The CR Assessment is an opinion of the counterparty risk related to a bank's covered bonds, contractual performance obligations (servicing), derivatives (for example, swaps), letters of credit, guarantees and liquidity facilities.

Hoist's CR Assessment is positioned at Baa3(cr)/Prime-3(cr)

We assign a CR Assessment of Baa3(cr)/Prime-3(cr), three notches above the BCA of ba3. The CR Assessment is driven by the bank's BCA and by the considerable amount of subordinated instruments likely to shield counterparty obligations from losses.

Counterparty Risk Ratings (CRRs)

CRRs are opinions of the ability of entities to honour the uncollateralised portion of non-debt counterparty financial liabilities (CRR liabilities) and also reflect the expected financial losses in the event such liabilities are not honoured. CRR liabilities typically relate to transactions with unrelated parties. CRRs are distinct from ratings assigned to senior unsecured debt instruments and from issuer ratings because they reflect that, in the event of a resolution, CRR liabilities might benefit from preferential treatment compared with senior unsecured debt. Examples of CRR liabilities include the uncollateralised portion of payables arising from derivative transactions and the uncollateralised portion of liabilities under sale and repurchase agreements.

Hoist's CRRs are positioned at Baa3/Prime-3

The CRRs are positioned three notches above Hoist's Adjusted BCA of ba3, reflecting extremely low loss given failure from the high volume of instruments that are subordinated to CRR liabilities.

Government support

Because we expect the probability of government support for Hoist's senior liabilities to be low, the ratings do not incorporate any uplift from government support and the final issuer ratings are positioned at Baa3.

Rating methodology and scorecard factors

Exhibit 3

Hoist Finance AB (publ)

Macro Factors							
Weighted Macro Profile	**Strong**	**100%**					
Factor		**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency							
Asset Risk							
Problem Loans / Gross Loans		95.7%	caa3	←→	b2	Long-run loss performance	Quality of assets
Capital							
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)		11.0%	baa2	←→	ba1	Stress capital resilience	Expected trend
Profitability							
Net Income / Tangible Assets		1.8%	a1	←→	ba1	Earnings quality	
Combined Solvency Score			ba2		ba3		
Liquidity							
Funding Structure							
Market Funds / Tangible Banking Assets		20.7%	baa2	←→	baa2	Deposit quality	
Liquid Resources							
Liquid Banking Assets / Tangible Banking Assets		25.9%	baa1	←→	baa3	Stock of liquid assets	
Combined Liquidity Score			baa2		baa2		
Financial Profile					ba2		
Qualitative Adjustments					Adjustment		
Business Diversification					-1		
Opacity and Complexity					0		
Corporate Behavior					0		
Total Qualitative Adjustments					-1		
Sovereign or Affiliate constraint					Aaa		
BCA Scorecard-indicated Outcome - Range					ba2 - b1		
Assigned BCA					ba3		
Affiliate Support notching					0		
Adjusted BCA					ba3		

Balance Sheet	**in-scope (SEK Million)**	**% in-scope**	**at-failure (SEK Million)**	**% at-failure**
Other liabilities	6,320	17.3%	7,416	20.3%
Deposits	21,925	60.1%	20,829	57.1%
Preferred deposits	21,925	60.1%	20,829	57.1%
Senior unsecured bank debt	5,506	15.1%	5,506	15.1%
Dated subordinated bank debt	858	2.4%	858	2.4%
Preference shares (bank)	750	2.1%	750	2.1%
Equity	1,094	3.0%	1,094	3.0%
Total Tangible Banking Assets	36,452	100.0%	36,452	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	22.5%	22.5%	22.5%	22.5%	3	3	3	3	0	baa3
Counterparty Risk Assessment	22.5%	22.5%	22.5%	22.5%	3	3	3	3	0	baa3 (cr)
Senior unsecured bank debt	22.5%	7.4%	22.5%	7.4%	2	2	2	3	0	baa3
Junior senior unsecured bank debt	7.4%	7.4%	7.4%	7.4%	0	0	0	0	0	ba3
Dated subordinated bank debt	7.4%	5.1%	7.4%	5.1%	-1	-1	-1	0	0	ba3

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	baa3	0	Baa3	Baa3
Counterparty Risk Assessment	3	0	baa3 (cr)	0	Baa3(cr)	
Senior unsecured bank debt	3	0	baa3	0		Baa3
Junior senior unsecured bank debt	0	0	ba3	0		(P)Ba3
Dated subordinated bank debt	0	0	ba3	0		Ba3

[1]Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Investors Service

Ratings

Exhibit 4

Category	Moody's Rating
HOIST FINANCE AB (PUBL)	
Outlook	Stable
Counterparty Risk Rating	Baa3/P-3
Baseline Credit Assessment	ba3
Adjusted Baseline Credit Assessment	ba3
Counterparty Risk Assessment	Baa3(cr)/P-3(cr)
Issuer Rating	Baa3
Senior Unsecured	Baa3
Junior Senior Unsecured MTN	(P)Ba3
Subordinate	Ba3
ST Issuer Rating	P-3
Other Short Term	(P)P-3

Source: Moody's Investors Service

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