Debt Investor Presentation

2020-11

Disclaimer

IMPORTANT: The following applies to this document, the oral presentation of the information in this document by Hoist Finance AB (publ) (the "Company") or any person on behalf of the Company, and any question-and-answer session that follows the oral presentation (collectively, the "Information"). By attending a meeting where the Information is presented, or by reading the Information, you agree to be bound by the limitations and notifications described below.

The Information is furnished by the Company solely for the recipient's information in connection with a contemplated issue of notes by the Company under its EMTN Programme (the "Notes"). The intended recipients are thus a limited group of potential investors of Notes and as determined solely by Nordea Bank Abp, Deutsche Bank AG, London Branch and Citigroup Global Markets Limited (the "Joint Bookrunners") and the Company. This Information has been prepared exclusively for the benefit and internal use of the recipients and is strictly confidential and is being provided to you solely for your information. It may not be disclosed or redistributed to the press or to any other person and may not be reproduced in any form, in whole or in part. Failure to comply with this restriction may constitute a violation of applicable laws, rules or regulations.

The Information has been prepared and issued by the Company solely for use at the presentation held by the Company in relation to the Company's operations and position. This document does not purport to contain comprehensive or complete information about the Company and is qualified in its entirety by the business, financial and other information that the Company is required to publish in accordance with the rules, regulations and practices applicable to companies whose shares are listed on Nasdaq Stockholm. The Information has not been independently verified and will not be updated. Unless otherwise stated, any market data used in the Information is not attributed to a specific source, are estimates of the Company, and have not been independently verified. The Information, including but not limited to forward-looking statements, applies only as of the date of this document and is not intended to give any assurances as to future results.

This document is not a prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the Prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "Prospectus Regulation") and has not been prepared, approved or registered in accordance with the Prospectus Regulation or any other law. Accordingly, this document has not been subject to review or approval by the Central Bank of Ireland or any other authority.

Under the Company's EMTN programme, an offering circular comprising a base prospectus for the purpose of article 8 of the Prospectus Regulation, was approved by the Central Bank of Ireland on 5 August 2020 (the "Offering Circular"). The approval of the Offering Circular should not be understood as an endorsement of the Notes.

The Offering Circular, along with a supplement dated [●] 2020, is available at the Company's website https://www.hoistfinance.com/investors/debt-investors. The final terms of an issue of Notes under the Company's EMTN programme will also be made available on the same website. This document is an advertisement and investors should not subscribe for or purchase any Notes except on the basis of information provided in the Offering Circular.

THE INFORMATION IS BEING MADE AVAILABLE TO EACH RECIPIENT SOLELY FOR ITS INFORMATION AND BACKGROUND.

The Information does not constitute or form part of, and should not be construed as (a) an offer or the solicitation of an offer to subscribe for or purchase any securities issued by the Company, or (b) any form of financial opinion, recommendation or investment advice with respect to any securities or financial instruments.

Although the Company has endeavored to give a correct and complete picture of the Company, the Company shall not have any liability whatsoever (whether in negligence or otherwise) arising directly or indirectly from the use of the Information or otherwise arising in connection with the presentation of the Information.

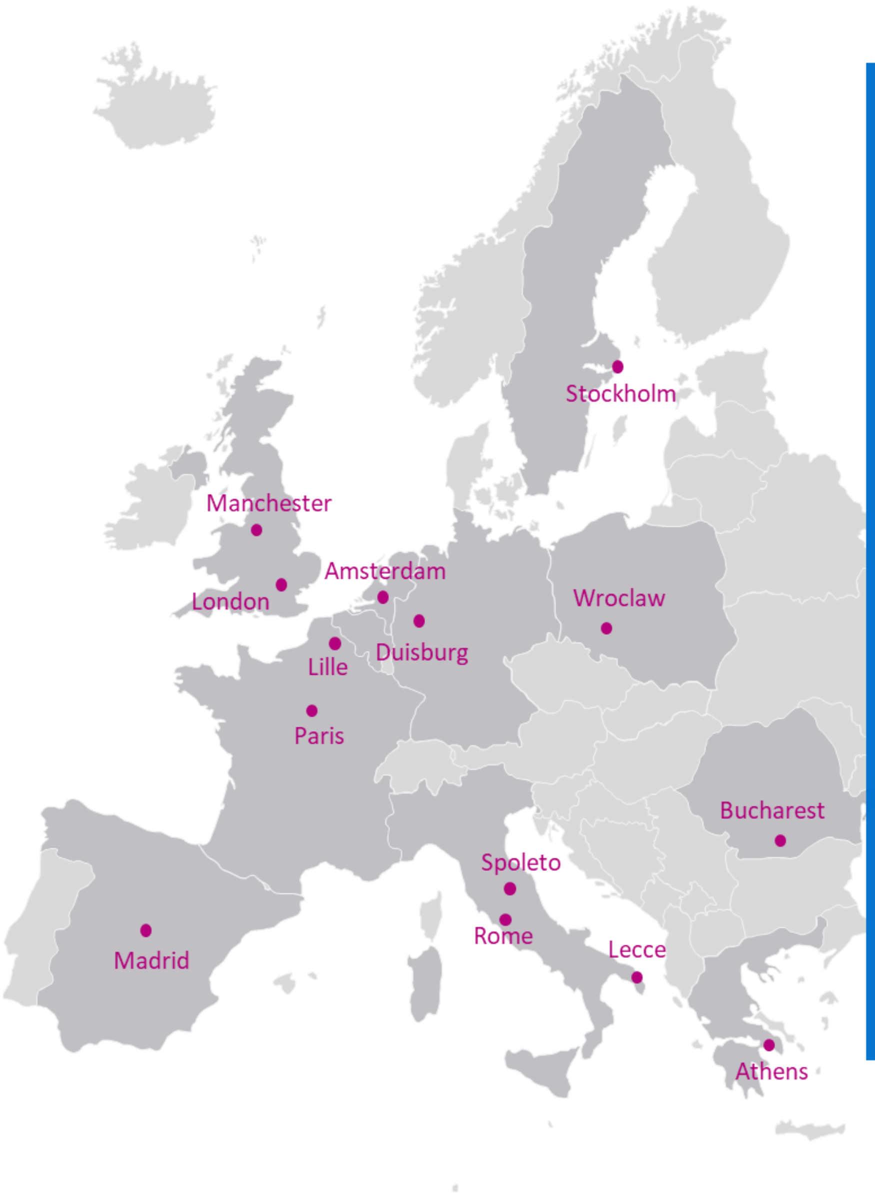
The Company is under no obligation to accept offers or proposals and the Joint Bookrunners and the Company reserve the right to change the process or terminate negotiations at any time before a binding agreement has been reached. The Company also reserves the right to negotiate with any party and with any number of parties it wishes. Potential investors' costs in connection with the process shall be borne by the investors. Under no circumstances may the Company or its board of directors or management be contacted by a potential investor without the Joint Bookrunners' prior permission. Potential investors may not contact other potential investors about matters or information relating to the process without prior approval from the Joint Bookrunners.

The Information provided by the Joint Bookrunners and the Company shall be governed and construed in accordance with English law. Any dispute or claim arising in relation thereto shall be determined by the courts of England.

The Information contains forward-looking statements. All statements other than statements of historical fact included in the Information are forward-looking statements. Forward-looking statements give the Company's current expectations and projections relating to its financial condition, results of operations, plans, objectives, future performance and business. These statements may include, without limitation, any statements preceded by, followed by or including words such as "target," "believe," "expect," "aim," "intend," "may," "anticipate," "estimate," "plan," "project," "will," "can have," "likely," "should," "would," "could" and other words and terms of similar meaning or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the Company's actual results, performance or achievements to be materially different from the expected results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which it will operate in the future.

HoistFinance

Overview



This is Hoist Finance

Hoist Finance is a trusted debt resolution partner to individuals, companies and banks in eleven European countries. With over 1 600 dedicated colleagues, smart digital solutions and a deep understanding of individual financial circumstances, we help over six million customers keep their commitments.
This is achieved by agreeing on sustainable repayment plans so that everyone is included within the financial ecosystem.
Hoist Finance has a diverse portfolio of asset classes and our online savings platform in Sweden and Germany enables our unique funding model.
Hoist Finance was founded in 1994 and is today a public company listed on Nasdaq Stockholm

11
COUNTRIES

1 600
EMPLOYEES

Our history

HoistFinance

1994 2008

Early years

- 1994 Hoist Finance established
- 1996 Hoist Kredit obtains a credit market license in Sweden
- Geographic expansion in Germany, France, Belgium and the Netherlands

2009 2014

Growth and expansion

- Continued expansion with entry into the UK, Poland, Austria and Italy
- Diversified funding through the introduction of HoistSpar: web-based deposit service

2015 2019

Successful IPO and subsequent growth

- Hoist Finance listed on Nasdaq Stockholm in 2015
- Expansion into new asset classes with acquisition of small enterprise debt in Italy
- Launch of deposit taking scheme in Germany
- Strategic partnership with the Bank of Greece
- Further expansion with entry into the Spanish market
- Largest acquisition of non-performing mortgage portfolio in France

2020 2023

Looking ahead: Leading European actor

- Leading position and scale in prioritised geographies and asset classes
- Industry leader in digitalization and operational efficiency
- Broaden our products and services based on our credit market license

Hoist Finance's strategy

Diversifying into new asset classes in focus markets

	Consumer Unsecured	SME Unsecured	Consumer Secured	SME Secured	Performing	Overall Plan
Italy	Current Presence	Current Presence	Current Presence	Current Presence	Planned expansion	Expand across all asset classes
Spain	Current Presence	Current Presence	Planned expansion	Planned expansion	Planned expansion	Scale up vastly, across all asset classes
Germany	Current Presence	Current Presence	Current Presence	Current Presence	Current Presence	Consolidate, scale up existing business
UK	Current Presence	Suggested no presence 2020	Current Presence	Planned expansion	Current Presence	Expand in adjacent asset classes
Poland	Current Presence	Planned expansion	Planned expansion	Suggested no presence 2020	Current Presence	Stable returns, expand in adj. asset classes
Greece	Current Presence	Planned expansion	Planned expansion	Planned expansion	Suggested no presence 2020	Enter through M&A/ partnerships/organic
France	Current Presence	Planned expansion	Current Presence	Planned expansion	Planned expansion	Scale up in new asset classes
Netherlands	Current Presence	Current Presence	Suggested no presence 2020	Suggested no presence 2020	Suggested no presence 2020	Improve scale in core asset class
Belgium	Current Presence	Suggested no presence 2020	Suggested no presence 2020	Suggested no presence 2020	Suggested no presence 2020	Manage operations from Netherlands

Planned expansion   Current Presence   Suggested no presence 2020

Key highlights Q3

Highlights

- Improved financial performance in Q3
- Strong cash generation and strengthened core capital
- Good traction in cost savings programme
- SFSA concludes on SRT[1]
- Jarkko Heinonen new Chief Digital Officer and member of Executive Management Team

Financial performance

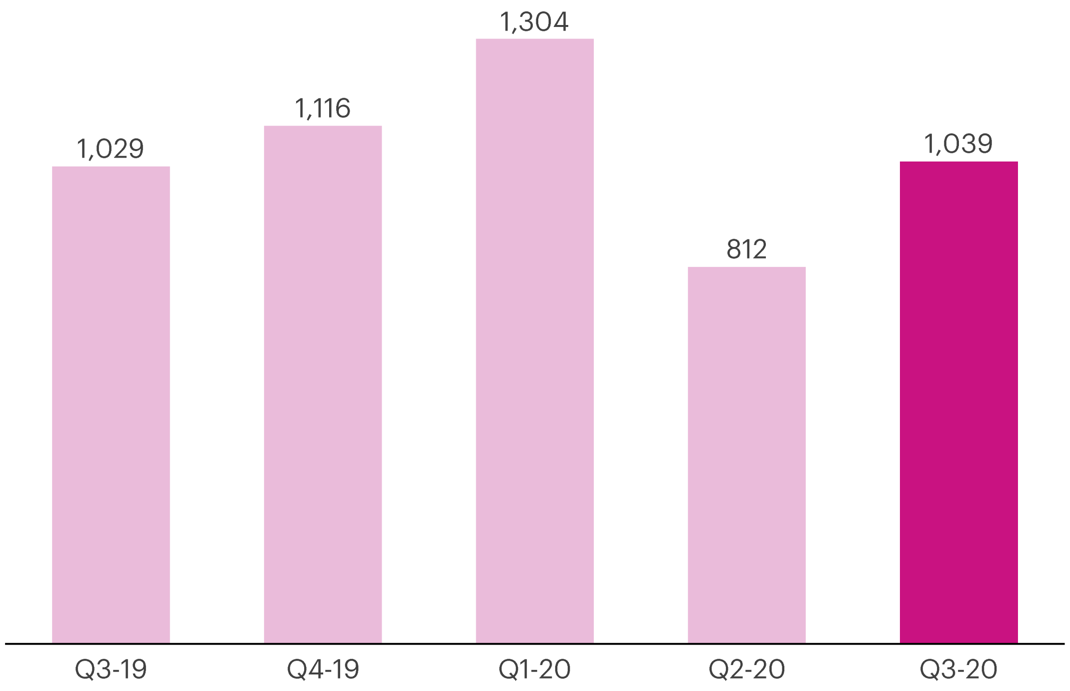
- CET1 ratio at 10.4% vs 10.1% in Q2-20
- Strong performance across asset classes, collection performance at 108%
- Total expenses down 8% Q/Q
- Adj. EBITDA of SEK 1,039m (1,029)
- Profit before tax, PBT of SEK 140m (146)
- Acquisitions at SEK 264m (689)

1 SRT – Significant Risk Transfer

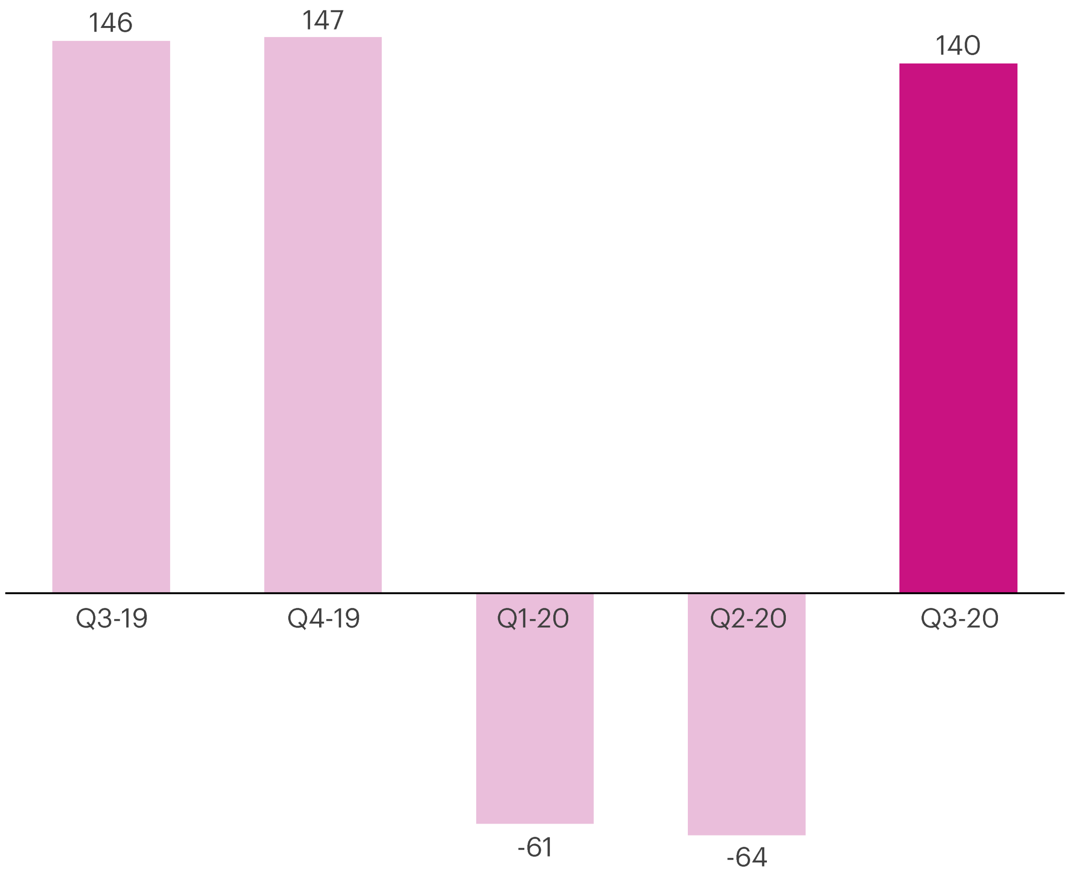
Cash flow and earnings recovering

SEK million

Adjusted EBITDA



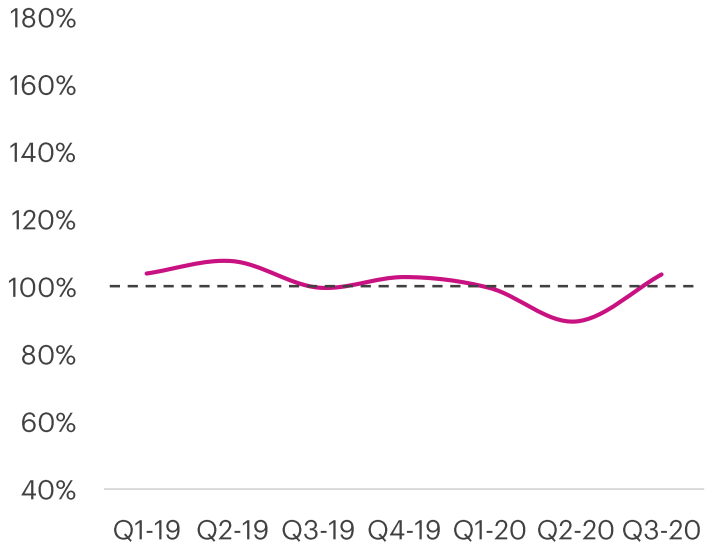
PBT



Solid performance across asset classes

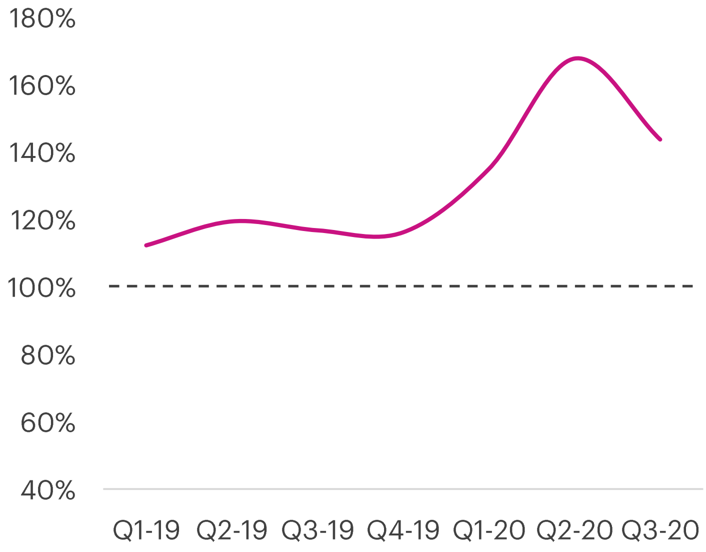
Unsecured NPL

» Performance recovering



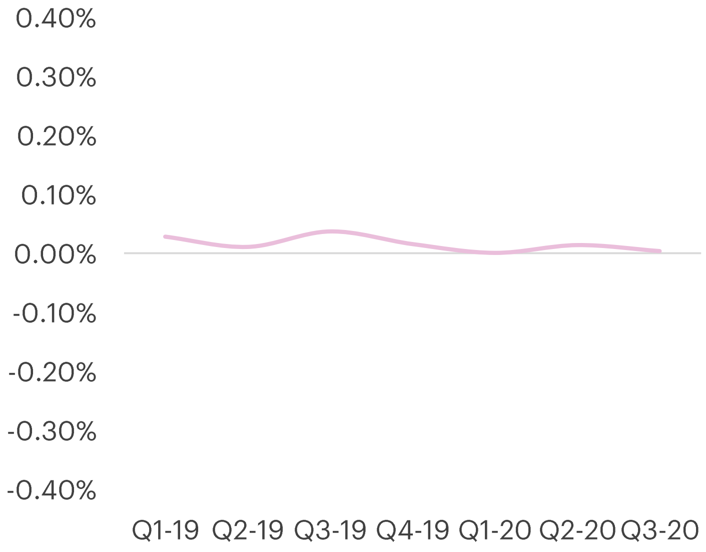
Secured NPL

» Performance ahead



Performing loans

» No negative ECL[1,2] impact



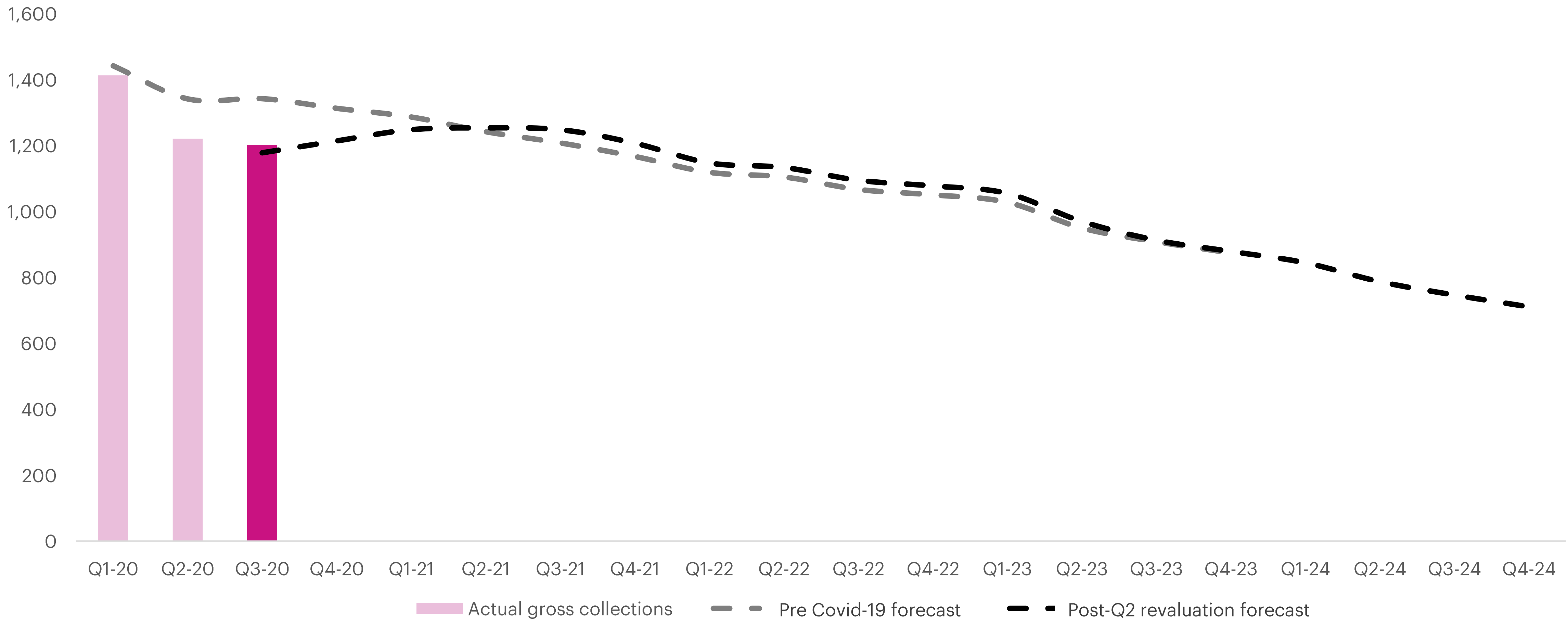
Collections vs active forecast

ECL

1 ECL: Expected Credit Loss

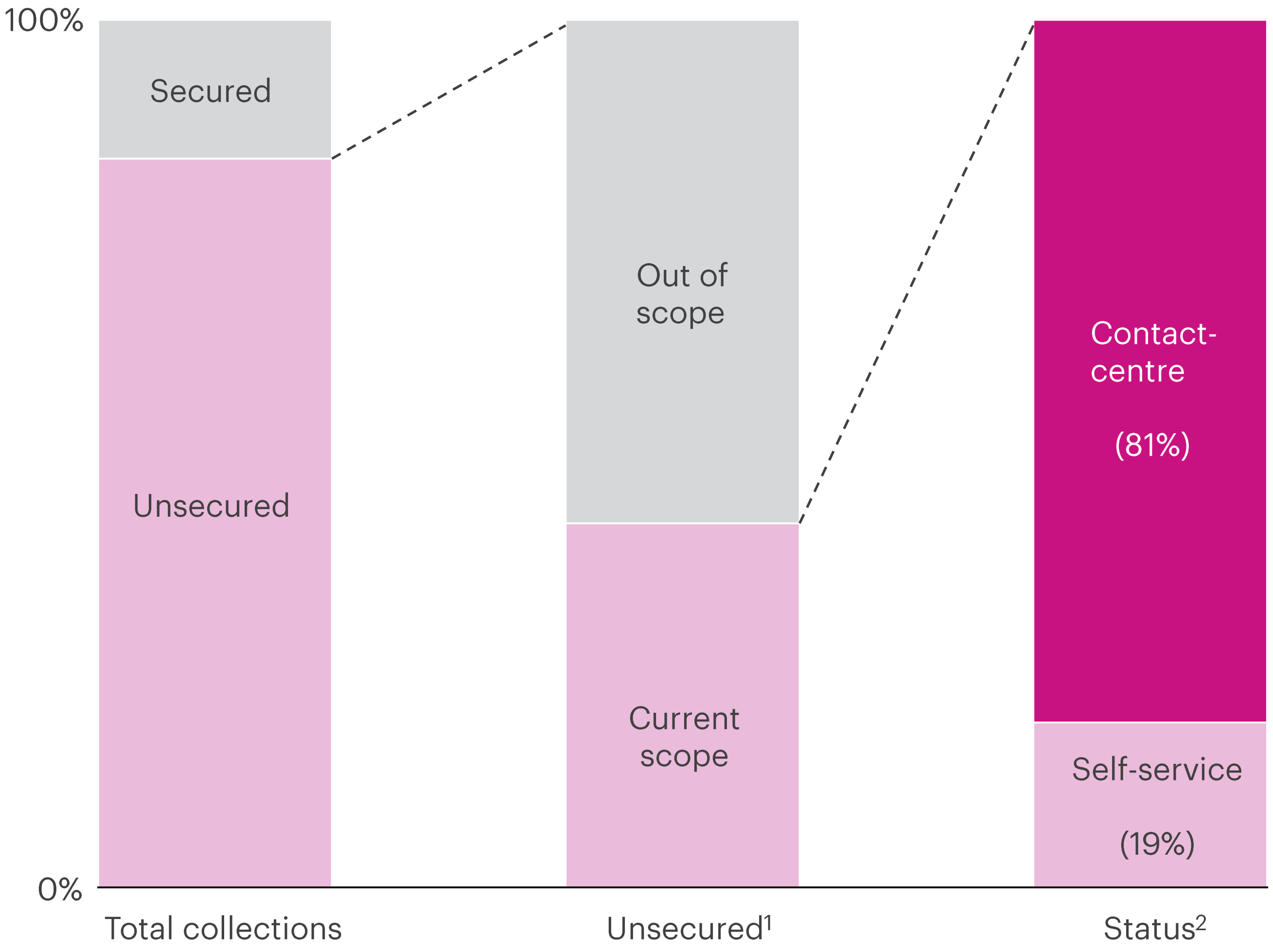
Collections performance versus revised projections

SEK million



Note: Unsecured NPL collections

Large potential in increased self-service



Key takeaways

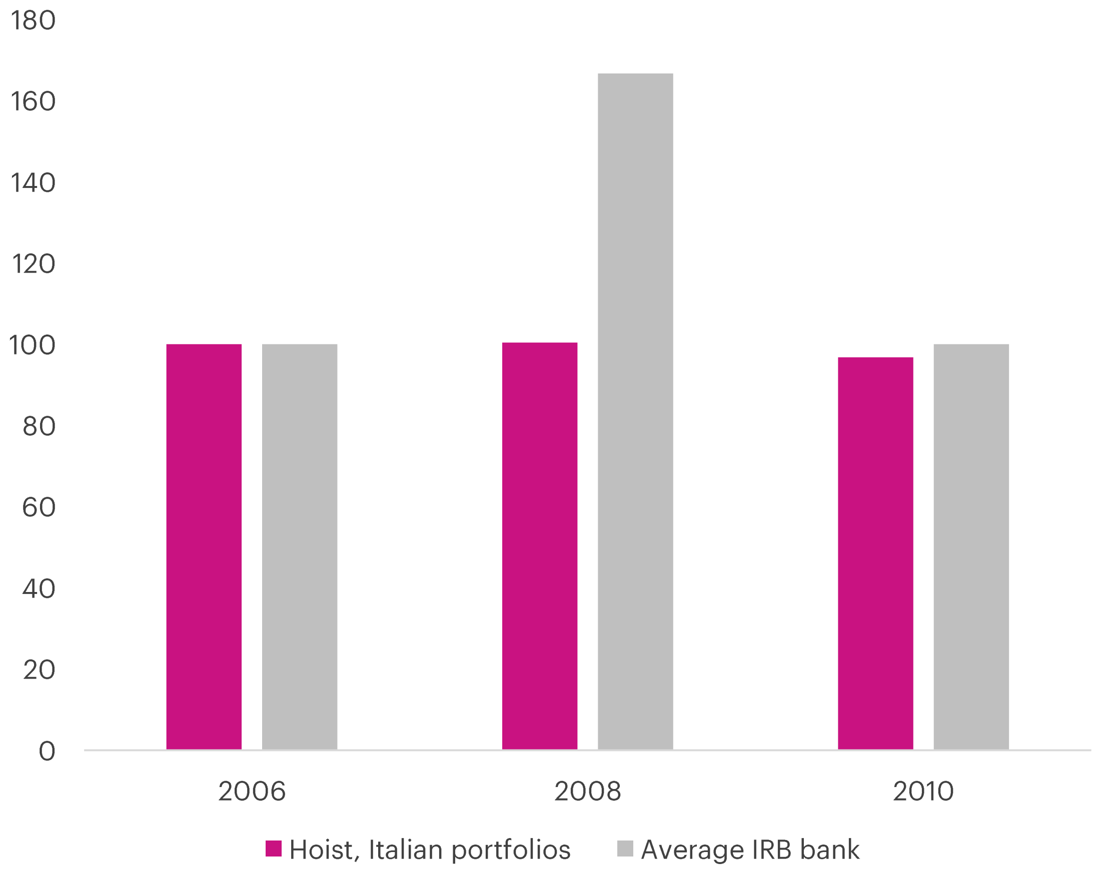
- All payments are digital (100%)
- The digital transformation is the conversion from traditional contact centre operations to end-to-end customer self-service
- Key benefits self-service
  - Improved customer engagement and loyalty
  - Customer flexibility
  - More effective end-to-end processes
  - Use of machine leaning
  - Increased range of services and products
  - Industrialised approach - develop once and deploy
- Average 19%, best country >30%
- Traditional contact centres remain important for vulnerable customers

1 YTD as per October, 2020
2 Run rate as per October, 2020

Progress towards IRB application

- Pre-study reveals great potential
  - Data since early 1990's
  - More than 12 million LGD observations
  - High quality data
- Very low correlation to economic downturns, supporting favourable treatment under IRB
- Current team of 6, progressing to 12
- The SFSA informed of plans to submit application by 2021

Financial crisis, LGD[1] effect[2]



1 Loss given default (LGD)
2 Indexed to 100 in 2006

Financial summary, reported figures

SEK million	Q3-20	Q2-20	Q1-20	Q3-19	*Change*
Interest income	792	846	893	834	*-5%*
Interest expense	-146	-134	-164	-138	*6%*
Net interest income	**646**	**712**	**729**	**696**	***-7%***
Impairment gains and losses	1	-232	-178	12	*N/A*
Net result from financial transactions	4	4	-53	-45	*N/A*
Total operating income	**679**	**513**	**529**	**698**	***-3%***
Total operating expenses	**-549**	**-594**	**-607**	**-568**	***-3%***
Net operating profit	**130**	**-81**	**-78**	**130**	***0%***
Share of profit from joint ventures	10	17	17	16	*-38%*
Profit before tax	**140**	**-64**	**-61**	**146**	***-4%***

Ratios	Q3-20	Q2-20	Q1-20	Q3-19	*Change*
Return on Equity, %	9	-9	-6	12	*-3pp*
Cost/Income ratio, %	80	112	111	80	*0pp*

Key takeaways

- Collecting ahead of Covid-19 revised forecasts, no further net impairments in the quarter
- Cost program delivering – expenses reduced 8% from Q2-20
- PBT in the quarter at SEK 140m, YTD SEK 14m

Financial summary, adjusted for IAC

SEK million	Q3-20	Q2-20	Q1-20	Q3-19	*Change*
Interest income	792	846	893	834	*-5%*
Interest expense	-146	-134	-164	-138	*6%*
Net interest income	**646**	**712**	**729**	**696**	***-7%***
Impairment gains and losses	1	-232	-72*	12	*N/A*
Net result from financial transactions	4	4	-6*	-30*	*N/A*
Total operating income	**679**	**513**	**682***	**713***	***-5%***
Total operating expenses	**-540***	**-594**	**-607**	**-535**	***1%***
Net operating profit	**139***	**-81**	**75***	**178***	***-22%***
Share of profit from joint ventures	10	17	17	16	*-38%*
Profit before tax	**149***	**-64**	**92***	**194***	***-23%***

Ratios	Q3-20	Q2-20	Q1-20	Q3-19	*Change*
Return on Equity, %	9*	-9	4*	15*	*-6pp*
Cost/Income ratio, %	78*	112	87*	73*	*-5pp*

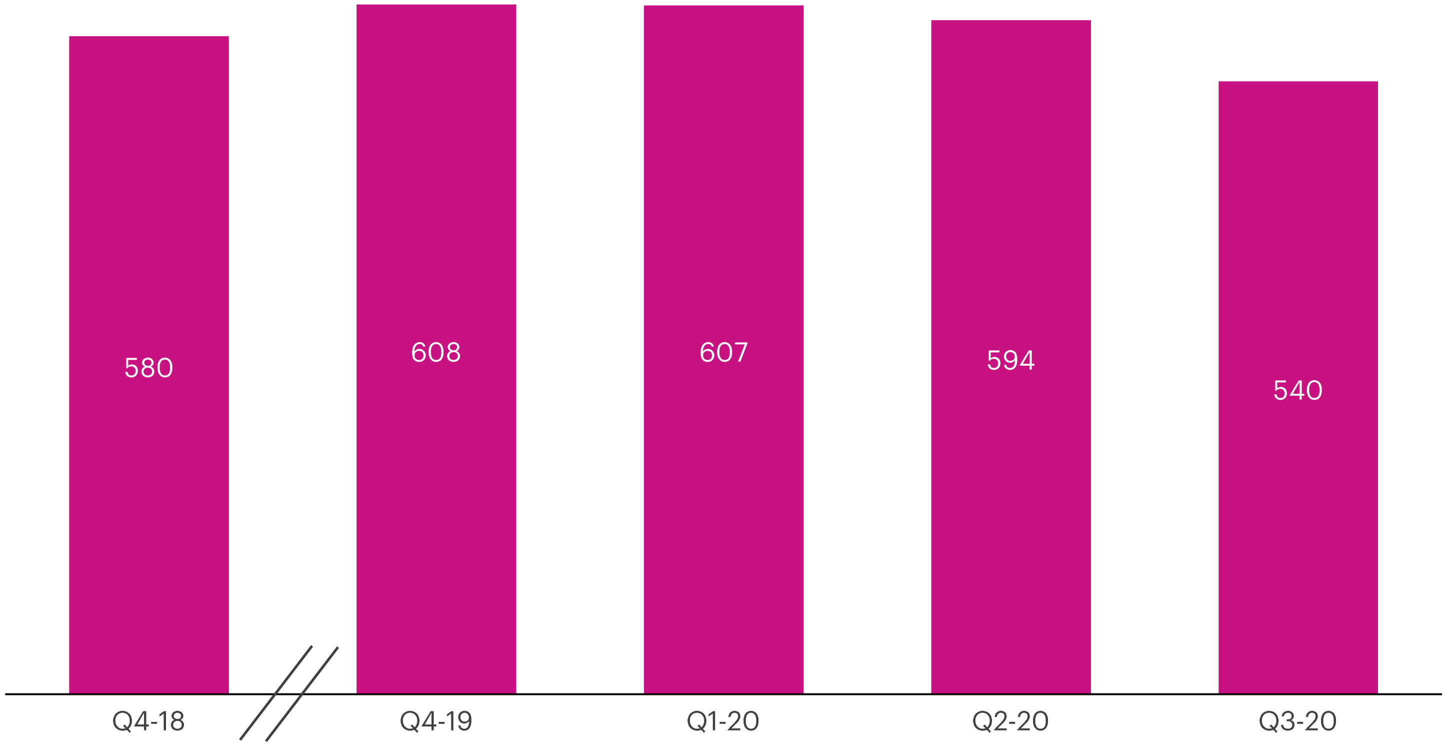
Key takeaways

- Redundancy cost of SEK 9m in Q3 2020
- Q3 2019 include IAC related to French site consolidation and Interest rate hedging
- Adjusted C/I of 78% in Q3 2020

*Q3-19 IAC consists of restructuring charges in connection with closure of Bayonne site (SEK 24m), personnel-related costs in connection with outsourcing of IT (SEK 7m) and realised loss in connection with adopting updated hedging models (SEK 15m). Q1-20 IAC refer to impairment loss (SEK 106m), and net result from financial transactions related to IRS and change in market value bonds (SEK 47m). Q3-20 IAC consists of severance charges related to restructuring in Italy (SEK 6m) and UK (SEK 3m).

Favourable cost trend

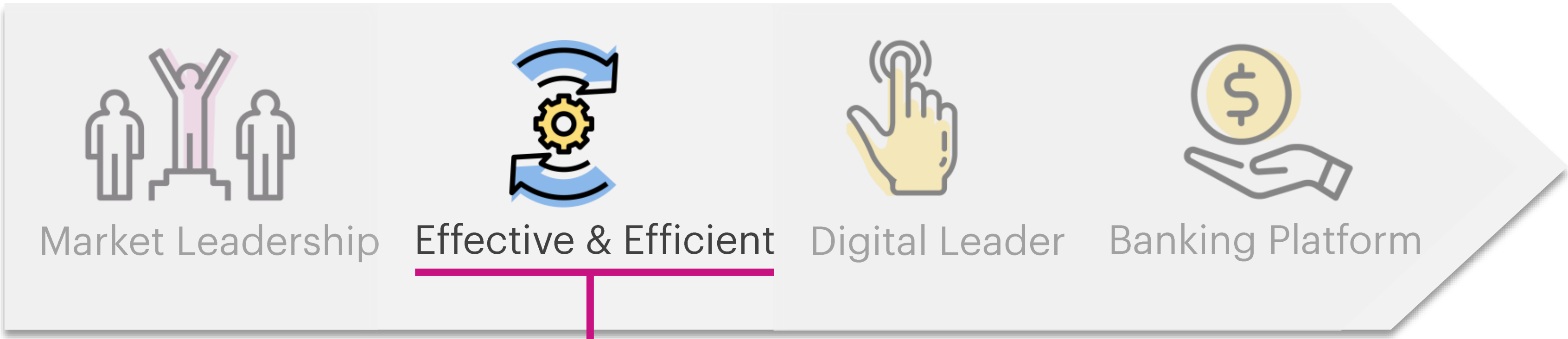
Total expenses adjusted for IAC, SEK million



Key takeaways

- Personnel and admin expenses reduced vs previous quarter
- Large parts of transition to outsourced IT behind us
- Legal expenses will normalise when courts re-open fully

Cost savings as part of the strategy



- ✓ OneHoist operating model
- ✓ Site consolidation
- ✓ Shared Service Centre
- ✓ Nearshoring
- ✓ IT outsourcing
- ✓ Simplified legal structure

» **Return on Equity >15%**

» **Cost-to-income 65%**

» **15% EPS growth**

Cost savings program as per Q3 2020

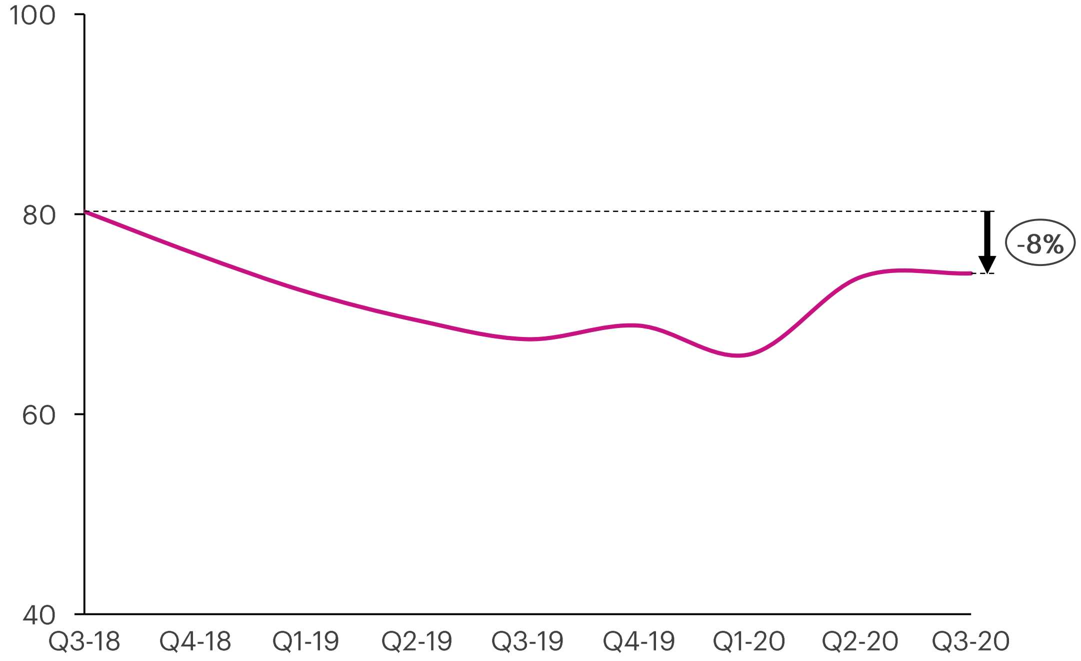
SEK million

	2019 Realised	YTD Q3-20 Realised	2020 Expected	2021 Expected	2022 Expected	Annualised run rate by end 2022
Annual accumulated impact on EBT related to items executed prior to the end of each period	128	197	244	300-325	400	400
Impact on reported EBT for the period, before one-off costs	67	74[1]	105	190 - 210	330 - 350	400
One-off costs for the period, related to savings program	33	30[1]	38	30-50	20-40	
Net Impact on reported EBT for the period	34	44[1]	67	140-180	290-330	

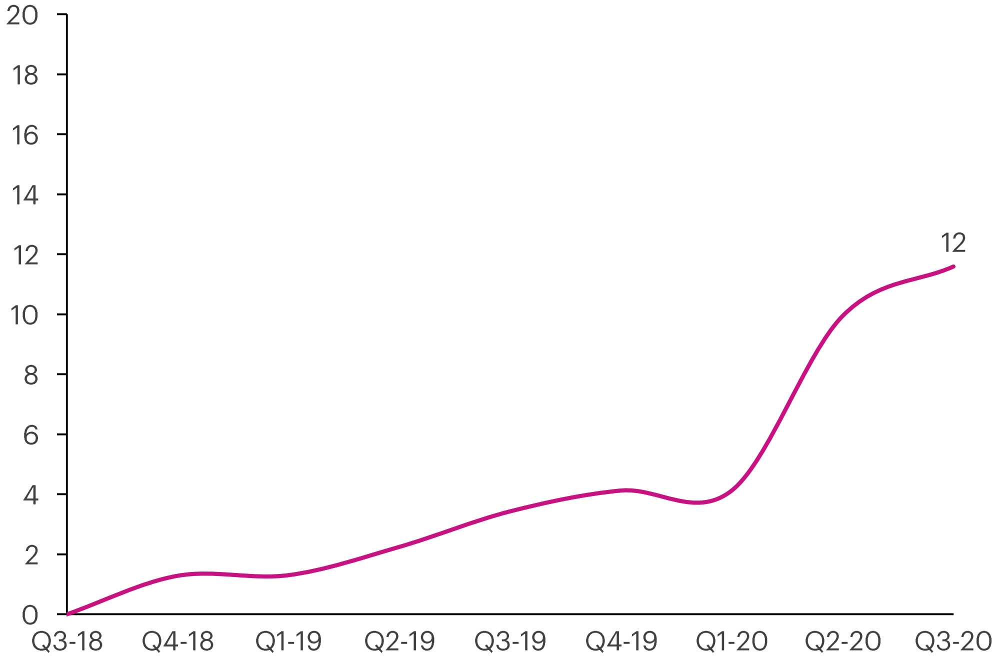
1 Jan-Sep 2020

Transforming the business

FTEs in relation to book value[1]

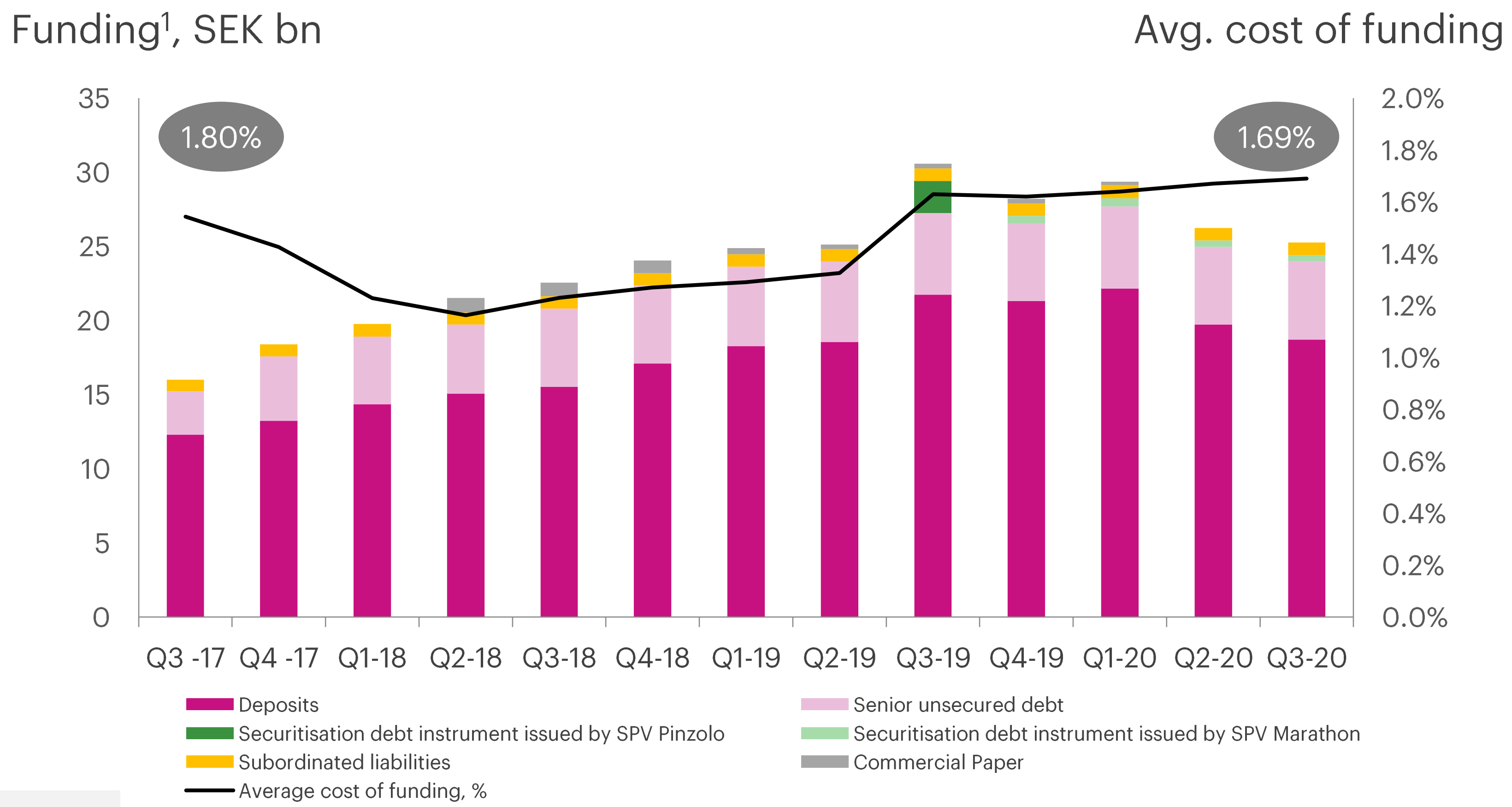


FTEs in Shared Service Centre & Nearshoring (share of total, %)



1 FTEs in unsecured NPLs and group-wide roles, in relation to unsecured book value (SEKbn)

Funding cost



Interest expense/ Book value	2.1%	2.1%	1.9%	1.9%	2.0%	2.1%	2.0%	1.9%	2.5%	2.5%	2.6%	2.3%	2.5%

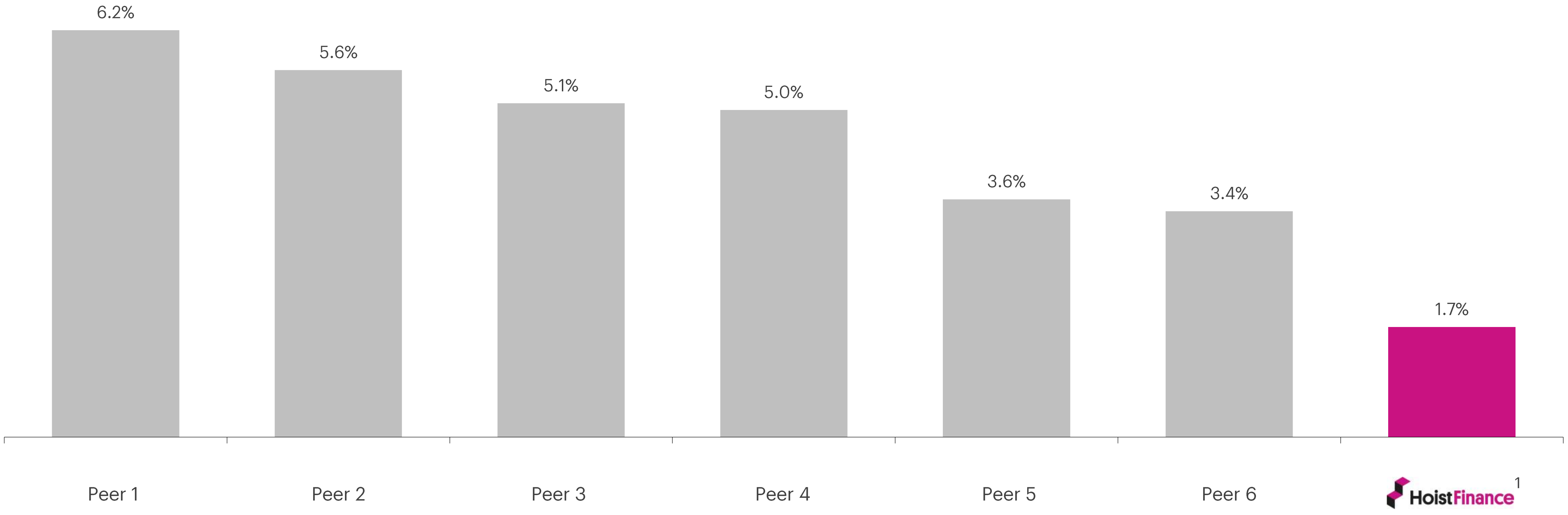
Key takeaways

- Flat average cost of funding vs previous quarter
- Excess liquidity managed down further

1) Excluding AT1 capital

Industry-leading funding

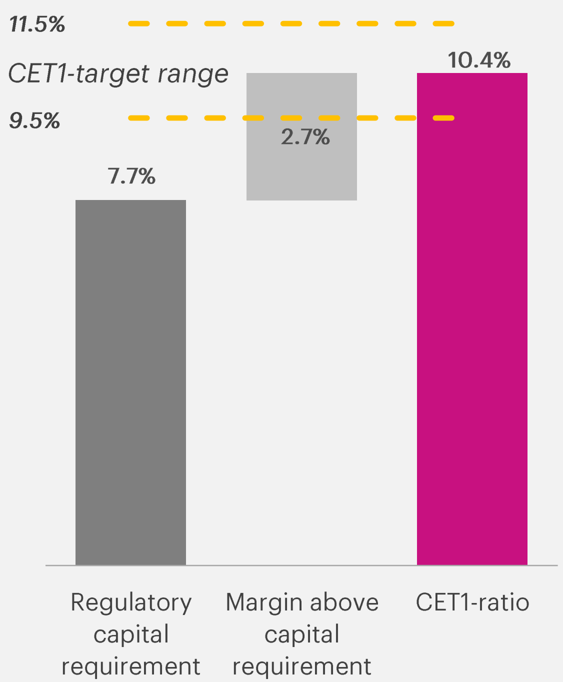
Weighted Average Cost of Debt



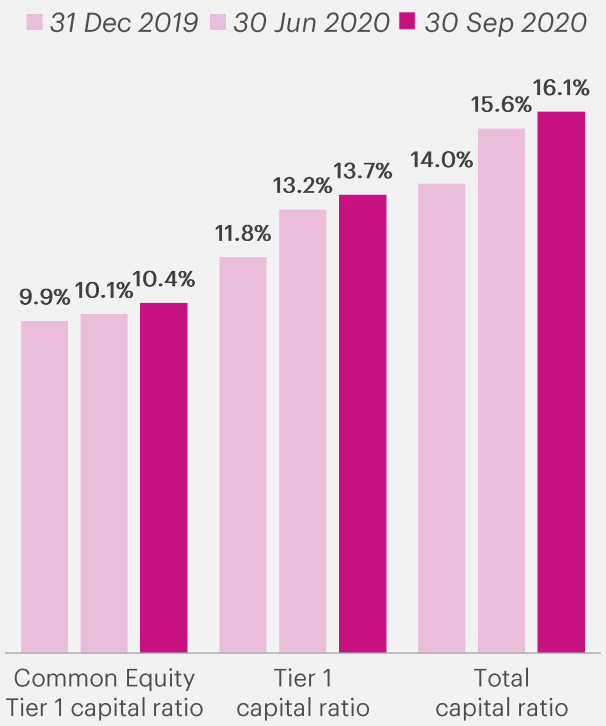
1) Excluding AT1 capital
Source: Company information

Capital and liquidity position

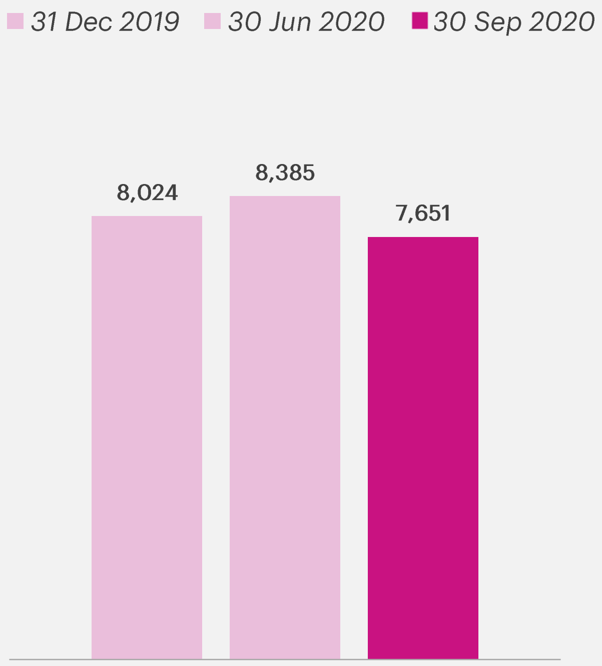
Q3 2020 Capitalisation, %



Capital ratios, %



Liquidity reserve, SEK million



Rating

Moody’s Credit Opinion 7 July 2020

- Issuer rating: Baa3 / neg
- “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.”’
- “We consider Hoist's capitalisation a positive rating driver.”
- “Strong track record as a debt purchaser, but acquired nonperforming consumer loan portfolios are inherently risky”
- “...Hoist's operations are geographically diversified, reducing its relative exposure to country-specific factors and mitigating the concentration risk.”
- “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.
- “Despite its stronger market position and evolving business model, Hoist's ratings are constrained by the company's monoline business activities.”
- “We consider Hoist’s funding profile a relative strength for the company.”
- “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.”

Proposed tender offer

Key indicative terms and conditions

Offeror	Hoist Finance AB (publ)
Target security	HOFISS 1 1/8 10/04/21 (ISIN: XS1692378323)
Rank	Senior unsecured
Maturity date	04 October 2021
Rating	Baa3 by Moody's
Amount outstanding	€250,000,000
Target acceptance amount	Any and all offer, no pro-ration
Conditions	Transaction conditions
Purchase price	Fixed cash price, 100.75%
Accrued interest	To be paid in cash until the settlement date
New issue priority allocations	Tendering investors will be eligible for new issue priority allocation
Tender Offer commences	11 November 2020
Tender Offer expiration	17 November 2020
Settlement date	Expected to be 27 November 2020, and no later than 4 December 2020
Dealer Managers	Citi, Nordea

Description of the Tender Offer

- The purchase price of the offer is 100,75%. Accrued and unpaid interest will also be paid in respect of tendered notes
- Any and all offer
- Tendering investors will be eligible for priority allocation in the new issue
- Acceptance of any notes for tender is subject to the successful completion of the new issue and a minimum tender size of €125,000,000 in aggregate nominal amount
- The planned new issue book building is expected to take place at the back-end of the tender period
- Citi and Nordea are acting as Dealer Managers

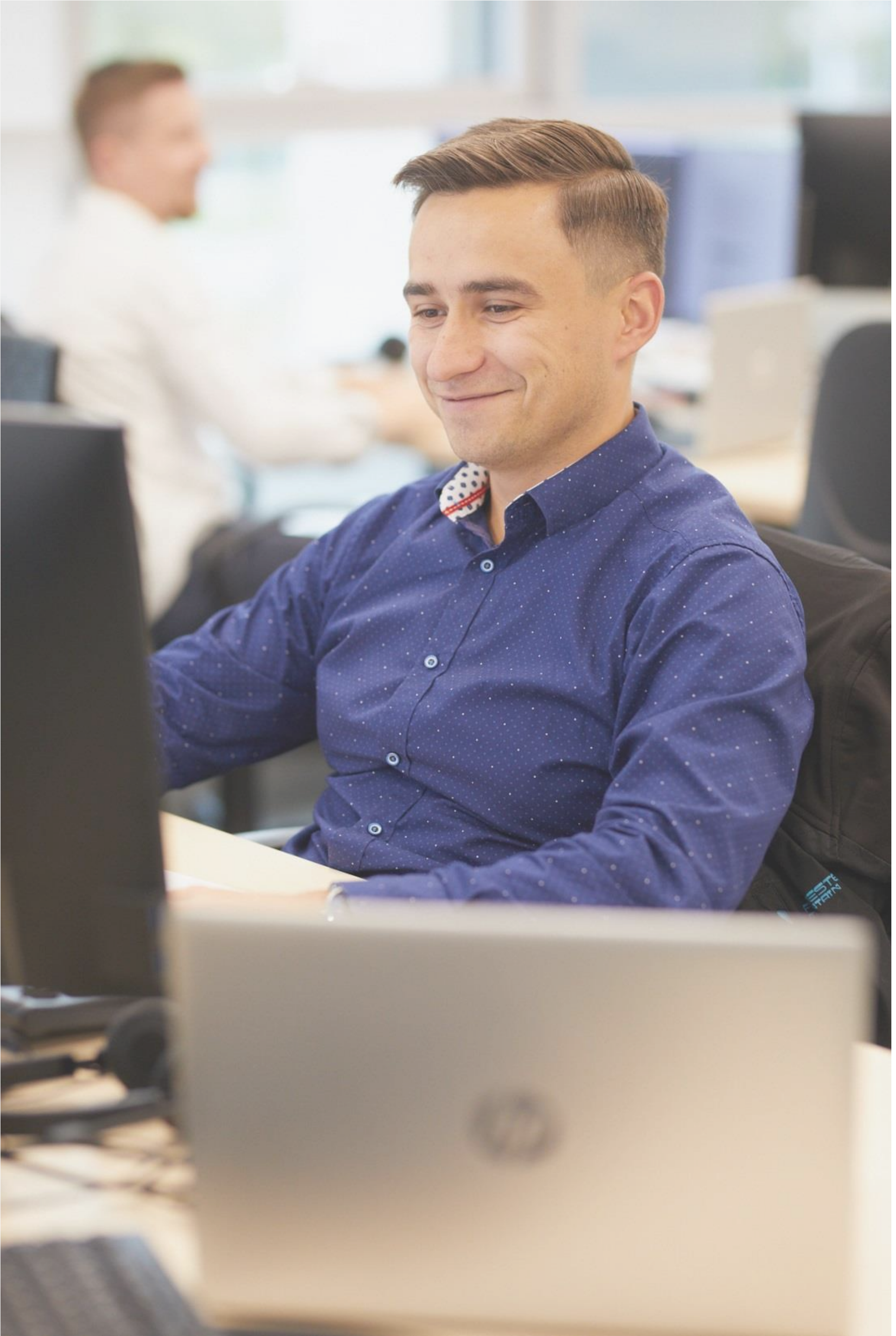
Proposed new issue

Key indicative terms and conditions

Issuer	Hoist Finance AB (publ)
Issuer rating	Baa3 (Neg) by Moody's
Status	Senior preferred, unsecured and unsubordinated
Expected issue rating	Baa3
Currency	EUR
Amount	250 mn (max)
Maturity	[•] November 2024
Denomination	EUR 100,000 + 1,000
Use of proceeds	General corporate purposes
Make whole call	Yes, on any day from and including the Issue Date to but excluding the Maturity date at the Make Whole Redemption Price being the Make Whole Redemption Amount
Listing	Euronext Dublin
Law	English Law
Documentation	The Issuer's EUR 1,000,000,000 Euro Medium Term Note Programme dated 5 August 2020, as supplemented on 3 November 2020
Joint bookrunners	Citi, Deutsche Bank, Nordea

Transaction rationale

- Maturity extension
- Currency matching
- Funding for future growth
- The proceeds of the notes will be used for general corporate purposes, including refinancing of existing debt or replacing a portion of existing deposit funding



Business overview

Key highlights Q3

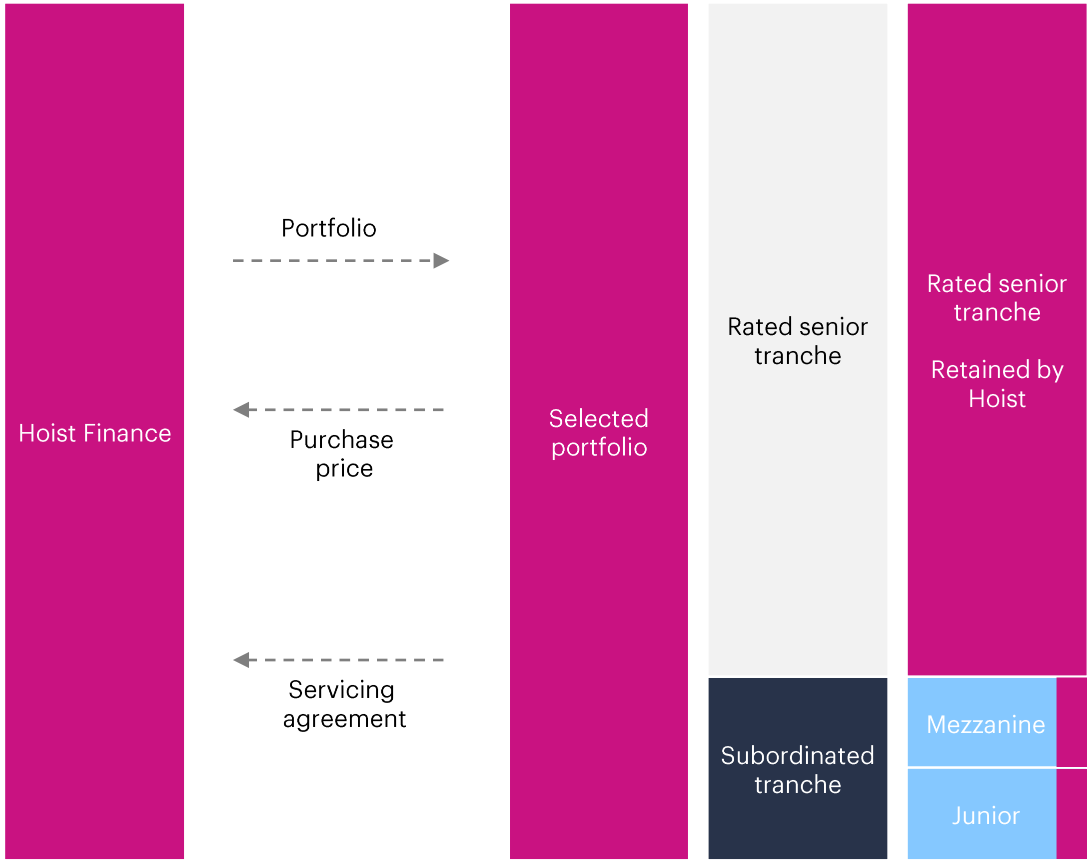
Financial update

Funding, capital and liquidity

Transaction Summary

Appendix

On track to implement a sustainable business model



Rated securitisation transaction

- Portfolio size: EUR337m
- Senior tranche[1]): 85%
- Investment grade rating
- Coupon on senior tranche[1]): 1.8%
- IRR on subordinated tranche[1]): 15%
- Further strengthened CET1 capital

1) See press release: http://ir.hoistfinance.com/en/pressreleases/hoist-finance-successfully-completes-the-first-ever-italian-investment-grade-rated-securitisation-backed-by-a-portfolio-comprising-only-unsecured-npls-1755824

NPL Backstop: ensuring claims are sold earlier

Time from classification as Non Performing Exposure (year)

0 1 2 3 4 5 6 7 8 9 10

Secured by Real Estate	0%	0%	0%	25%	35%	55%	70%	80%	85%	100%
Secured by movable collateral	0%	0%	0%	25%	35%	55%	80%	100%		
Unsecured	0%	0%	35%	100%						

Percentages above show the Minimum Loss Coverage (Prudential Backstop) required for Non Performing Exposures

The NPL Backstop regulation is applicable to loan **originated after 26 April 2019, if/when those loans meet the criteria for NPL**

The NPL backstop is introduced to incentivise banks to **off-load NPLs into a well-functioning secondary market**

For Hoist Finance's business model, it is important to **de-recognise unsecured NPL exposures from the "prudential balance sheet"**

Source: The Council of the European Union, April 2019: https://www.consilium.europa.eu/en/press/press-releases/2019/04/09/council-adopts-reform-of-capital-requirements-for-banks-non-performing-loans/

Thank you!

Hoist Finance
By your side