

# Interim report

## Q3 2022

### Key events

- » Third quarter result is an effect of de-risked as well as improved quality and management of the portfolios
- » Quiet acquisition quarter, but healthy pipeline
- » Improved operational performance overall – rejuvenation programme paying off
- » No material impact of the increased inflation or interest rates in the third quarter
- » Reduction in risk weights took effect 11 July
- » Capital structure goal interval updated to 2.3-3.3 percentage points above the regulatory requirement
- » Pillar 2 guidance process initiated with SFSA
- » Divestment of UK operations and unsecured portfolios closed in October

## SEK 342 m

Acquired loan portfolios<sup>3)</sup>

## 12%

Return on equity<sup>2)</sup>

## SEK 0.70

Earnings per share continuing operations

## 12.23%

CET1 ratio<sup>2)</sup>

External revenue and expenses from operations in the UK intended for sale are reported as earnings/loss from discontinued operations. Information provided in the interim report pertains to continuing operations, unless otherwise specified.

### Key ratios<sup>1)</sup>

SEK m	Quarter 3 2022	Quarter 3 2021	Change, %	Jan-Sep 2022	Jan-Sep 2021	Change, %	Full-year 2021
Total operating income	595	488	18	1,961	1,324	33	1,903
Profit/loss before tax from continuing operations	116	22	81	486	-98	N/A	-30
Cash EBITDA <sup>2)</sup>	1,528	1,130	26	4,686	3,472	26	4,767
Return on equity, % <sup>2)</sup>	12	5	7 pp	14	-9	N/A	-5
Portfolio acquisitions <sup>3)</sup>	342	1,226	>-100	4,161	2,835	47	3,558
Basic and diluted earnings per share from continuing operations, SEK	0.70	-0.20	N/A	3.35	-3.52	N/A	-2.85

SEK m	30 Sep 2022	31 Dec 2021	Change, %
Gross 180-month ERC <sup>3)</sup>	28,846	32,900	-12
Acquired loan portfolios <sup>3)</sup>	19,370	21,337	-9
CET1 ratio, % <sup>2)</sup>	12.23	9.56	2.67 pp

1) See Definitions.

2) Including discontinued operations.

3) 2022 adjusted for discontinued operations and comparative periods including discontinued operations.

# CEO Comments

## Dear shareholders,

In the third quarter, profit before tax amounted to SEK 116m, compared to SEK 22m last year. Profit before tax excluding net result from financial transactions increased to SEK 140m compared to a loss of SEK -25m the same period last year. Using the same definition, the adjusted profit before tax for the first nine months increased to SEK 282m, compared to a loss of SEK -137m in the same period last year. The return on equity reached 12 percent in the third quarter and 15 percent in the first nine months.

After the quarter ended, we received the necessary FCA approval and closed the UK divestment on October 25th. The final net after-tax gain from the transaction amounts to circa SEK 200m and will be included in the fourth quarter result.

### Investments

Portfolio investments amounted to SEK 0.3bn in the third quarter (1.2) and SEK 4.2bn (2.8) during the first nine months of 2022. The total portfolio of acquired loans excluding the UK portfolio under divestment is now at SEK 19.4 bn, compared to SEK 21.4bn including the UK portfolio at the same date last year.

The lower acquisition volume in the quarter is partly due to a quieter third quarter, and also pricing discipline to achieve attractive risk-based returns. The return levels increased slightly in the contested auctions, although competition was still strong. The overall increasing interest rate environment did not have a significant effect on the market participants' acquisition appetite in the past quarter. However we believe that the higher funding costs will gradually start to impact market prices. We continue to stick to our investment discipline to achieve the right returns at the right risk. In addition, we focus on larger transactions and more bilateral deals of a more complex nature, where we think we have a competitive advantage. Consequently, acquired volumes for each quarter can fluctuate.

### Collection performance

Our portfolios continued to perform well overall. We have not yet seen any material impact from higher interest rates and inflation on collections. In the quarter, collection performance was better than expected, which led to net impairment gains of SEK 42m. During the last year and a half, we have carried out activities to de-risk and improve the quality of the portfolios. We are monitoring the macro-economic development closely to recognise any potential effects on our portfolios and continue to increase the efficiency and effectiveness in the loan management. All portfolios must deliver on our return targets, or we will take measures to resolve it, which might also include divestments.

### Capital & Funding

The decision from the EU Commission to reduce risk weights took effect on 11 July. This increased our CET1 ratio by 265 basis points and releases additional capital for further portfolio acquisitions. In addition, the closing of the UK divestment increases our CET1 ratio with another 260 basis points. The Swedish FSA has in the quarter reached out to us regarding the Pillar II guidance to initiate the process.

In an environment with rising interest rates, we expect our competitive advantage from a funding model with a large portion of sticky deposits to gradually strengthen. This is especially true for the secured assets that are not hit by the NPL back-stop in the same way as unsecured. Our two-year agreement with Magnetar regarding securitisation is valid until spring 2023 and we are currently evaluating future solutions.

### Going forward

The current macro-economic development will presumably come with both challenges and possibilities. The likely challenges relate mainly to the impact on collections from cost inflation and unemployment. The possibilities, primarily on the investment side, involve increased acquisition potential. With rising cost of capital generally, we expect the industry to be forced to increase the required returns to invest. We believe this will present further opportunities for us and provide us with tailwind in the journey to reach our financial targets and become a leading asset manager of non-performing loans in consumer unsecured and secured asset classes.

Best regards,

**Lars Wollung**

CEO



# Developments during the quarter, Group

Comparative figures for developments during third quarter 2022 pertain to third quarter 2021.

## Operating income

Operating income from continuing operations increased during the third quarter to SEK 595m (488). Net interest income totalled SEK 560m (456). Interest expense decreased to SEK -129m (-149). The decrease is attributable to positive effects from interest expenses for interest rate hedging contracts.

Impairment gains and losses totalled SEK 42m (-31). The improvement is a positive effect of the period's realised collections against active forecast, offset by negative forward-looking portfolio revaluations. Collections against projections totalled SEK 167m (34). Portfolio revaluations conducted during the quarter amounted to SEK -125m (-65), of which SEK -70m (-40) is attributable to timing effects.

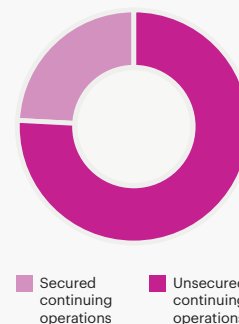
Net result from financial transactions totalled SEK -24m (47) during the third quarter. Hoist Finance manages interest rate risk by continuously hedging the Group's interest rate exposure. Hoist Finance currently has several outstanding interest rate hedging contracts denominated in GBP, PLN and EUR under which Hoist pays fixed interest and receives floating interest. The net effect of the market value of Hoist Finance's interest rate risk management of financial instruments totalled SEK -15m. During the third quarter, Hoist Finance implemented hedge accounting for interest rate hedging contracts. Other net effects of financial transactions, which include market valuation of bond holdings, totalled SEK -9m.

## Operating expenses

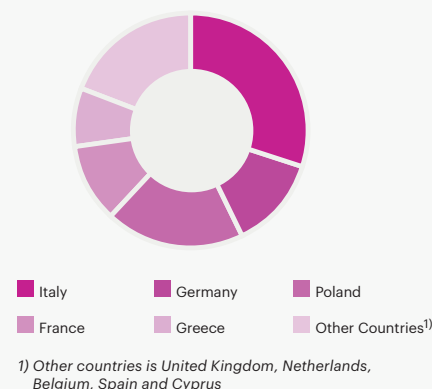
Operating expenses from continuing operations totalled SEK -522m (-486). Personnel expenses of SEK 2m for group functions, which through July 2022 were included in UK operations to be discontinued, were transferred to continuing operations during the quarter. Collection costs increased during the quarter to SEK -172m (-159), of which legal collection costs increased to SEK -72m (-61). The increase in portfolio volumes led to a general increase in collection costs. Legal collection costs also increased

SEK m	Quarter 3 2022	Quarter 3 2021
Interest income acquired loan portfolios	675	604
Other interest income	14	1
Interest expense	-129	-149
<b>Net interest income</b>	<b>560</b>	<b>456</b>
Impairment gains and losses	42	-31
of which, realised collections against active forecast	167	34
of which, portfolio revaluations	-125	-65
Fee and commission income	15	15
Net result from financial transactions	-24	47
Other operating income	2	1
<b>Total operating income</b>	<b>595</b>	<b>488</b>
SEK m	Quarter 3 2022	Quarter 3 2021
Personnel expenses	-191	-174
Collection costs	-172	-158
Other administrative expenses	-132	-118
Depreciation and amortisation	-27	-36
<b>Total operating expenses</b>	<b>-522</b>	<b>-486</b>
Share of profit from joint ventures	43	20
<b>Profit/loss before tax</b>	<b>116</b>	<b>22</b>
Income tax expense	-19	-7
Net profit for the quarter from discontinued operations	56	60
<b>Net profit/loss for the quarter</b>	<b>153</b>	<b>75</b>

## Breakdown, Secured/Unsecured acquired loan portfolios, continuing operations



## Breakdown, total carrying amount of acquired loan portfolios, continuing operations



as courts reverted to normal activities, following Covid-related restrictions imposed during last year's comparative quarter. Administrative expenses increased to SEK -132m (-118). The change is primarily explained by costs for consulting services for the continued establishment of the company's securitisation program. A separate securitisation structure is established for each local market covered by the program. In addition administrative expenses in the quarter were charged with costs for CEO. During the comparison period of the previous year, these were under personnel costs.

### Net profit/loss for the quarter

Net profit/loss from continuing operations totalled SEK 97m (15) for the quarter. Income tax expense for the quarter amounted to SEK -19m (-7). The effective tax rate of 16 per cent (31) is primarily a result of the way in which companies within the Group are structured in various jurisdictions. Net profit for the period from shares and participations in joint ventures totalled SEK 43m (20). The increase is attributable to a positive revaluation of Hoist Finance's joint venture in Poland following an improved earnings trend.

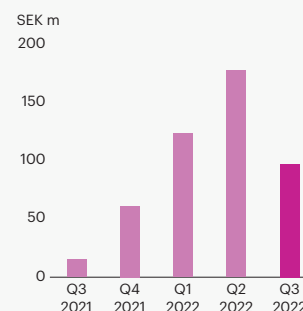
### Discontinued operations

Earnings/loss from discontinued operations totalled SEK 56m (60). Earnings/loss for discontinued operations is comprised of revenue and expenses from operations to be discontinued in the UK. Net interest income decreased during the quarter to SEK 131m (152). Operating income totalled SEK 122m (153) and operating expenses totalled SEK -68m (-94).

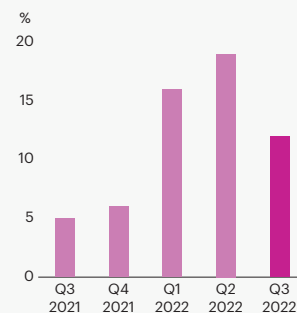
Earnings/loss does not include internal balances, which need to be included to reflect the discontinued operations' actual impact on earnings for the Group. The inclusion of internal transactions would decrease earnings/loss by SEK -52m (-53), producing earnings/loss from discontinued operations including internal transactions of SEK 4m (7). The largest internal transactions are internal interest expenses, SEK -48m (-52). Additional details on discontinued operations are presented in Note 9.

SEK m	Quarter 3 2022	Quarter 3 2021
Net interest income	131	152
Total operating income	122	153
Total operating expenses	-68	-94
Profit before tax	54	59
Income tax		
<b>Net profit for the quarter from discontinued operations</b>	<b>56</b>	<b>60</b>
Income from internal transactions	21	2
Expenses from internal transactions	-73	-55
<b>Net profit/loss for the period attributable to discontinued operations incl internal transactions</b>	<b>4</b>	<b>7</b>

### Profit/loss after tax from continuing operations



### Return on equity



# Developments during January – September, Group

Comparative figures for developments during Jan – Sep 2022 pertain to Jan – Sep 2021.

## Operating income

Operating income totalled SEK 1,961m (1,324) during the period. Net interest income totalled SEK 1,579m (1,350). The increase is mainly attributable to higher interest income due to increased portfolio volumes and to more effective collections. Interest expense decreased to SEK –395m (–436). The decrease is attributable to positive effects from interest expenses for interest rate hedging contracts and to lower interest expenses for deposits due to lower volumes at fixed interest rates. Impairment gains and losses totalled SEK 118m (–117). Collections against projections totalled SEK 472m (187). Portfolio revaluations conducted during the period amounted to SEK –353m (–304), of which SEK –247m (–123) is attributable to timing effects. Other effects are primarily attributable to revaluations of Italian and Spanish portfolios.

Net result from financial transactions totalled SEK 204m (39). The change is attributable to an increase in the market value of outstanding interest rate hedging contracts. Hoist Finance manages interest rate risk by continuously hedging the Group's interest rate exposure. Hoist Finance currently has several outstanding interest rate hedging contracts denominated in GBP, PLN and EUR under which Hoist pays fixed interest. There were significant upward shifts in GBP and PLN swap curves during the period quarters.

During the third quarter Hoist Finance implemented hedge accounting on unsecured loan portfolios to address temporary effects on interest rate hedging contracts.

## Operating expenses

Operating expenses from continuing operations totalled SEK –1,537m (–1,472). The increase is attributable to higher collections, which totalled SEK –530m (–457), of which legal collection costs totalled SEK –234m (–180). Covid-19-related restrictions

SEK m	Jan–Sep 2022	Jan–Sep 2021
Interest income acquired loan portfolios	1,957	1,787
Other interest income	17	–1
Interest expense	–395	–436
<b>Net interest income</b>	<b>1,579</b>	<b>1,350</b>
Impairment gains and losses	118	–117
<i>of which, realised collections against active forecast</i>	471	187
<i>of which, portfolio revaluations</i>	–353	–304
Fee and commission income	49	45
Net result from financial transactions	204	39
Other operating income	11	7
<b>Total operating income</b>	<b>1,961</b>	<b>1,324</b>
SEK m	Jan–Sep 2022	Jan–Sep 2021
Personnel expenses	–545	–543
Collection costs	–530	–457
Other administrative expenses	–383	–383
Depreciation and amortisation	–79	–89
<b>Total operating expenses</b>	<b>–1,537</b>	<b>–1,472</b>
Share of profit from joint ventures	62	50
<b>Profit/loss before tax</b>	<b>486</b>	<b>–98</b>
Income tax expense	–91	–126
Net profit/loss for the period from discontinued operations	152	30
<b>Net profit/loss for the period</b>	<b>547</b>	<b>–194</b>

were lifted in several markets during the period, resulting in increased legal collection costs. Collections related to these activities are expected to contribute positively to earnings in coming quarters.

### Net profit/loss for the period

Net profit/loss from continuing operations totalled SEK 395m (–224) for the period. Income tax expense for the period amounted to SEK –91m (–126) and the effective tax rate was 19 per cent (–129). The tax rate is primarily a result of the way in which companies within the Group are structured in various jurisdictions. An increased tax provision was reported during the period for ongoing tax audits, partly for Germany and partly for Polish assets.

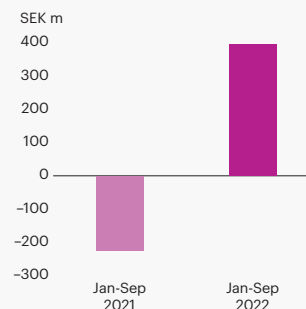
### Discontinued operations

Earnings/loss from discontinued operations totalled SEK 152m (30) for the period. Earnings/loss for discontinued operations is comprised of revenue and expenses from operations to be discontinued in the UK. Net interest income decreased during the period to SEK 413m (474), due mainly to exchange rate fluctuations. Operating income totalled SEK 398m (264). The increase is attributable to a major write-down of unsecured portfolios in the UK during the comparative period. Operating expenses totalled SEK –255m (–276).

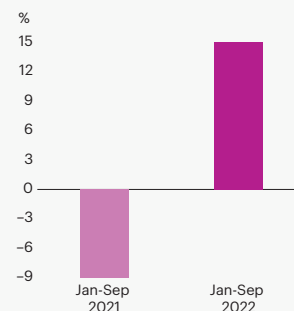
Earnings/loss does not include internal balances, which need to be included to reflect the discontinued operations' actual impact on earnings for the Group. The inclusion of internal transactions would decrease earnings/loss by SEK –145m (–165), producing earnings/loss from discontinued operations including internal transactions of SEK 9m (–134). The largest internal transactions are internal interest expenses, SEK –144m (–154). Additional details on discontinued operations are presented in Note 9.

SEK m	Jan-Sep 2022	Jan-Sep 2021
Net interest income	413	474
Total operating income	389	264
Total operating expenses	–256	–276
Profit before tax	142	–12
Income tax	10	42
<b>Net profit/loss for the period from discontinued operations</b>	<b>152</b>	<b>30</b>
Income from internal transactions	27	5
Expenses from internal transactions	–172	–170
<b>Net profit/loss for the period attributable to discontinued operations incl internal transactions</b>	<b>7</b>	<b>–134</b>

### Profit/loss before tax from continuing operations



### Return on equity



# Other information

## Balance sheet

Comparative figures for the balance sheet pertain to 31 December 2021.

SEK m	30 Sep 2022	31 Dec 2021	Change, %
Cash and interest-bearing securities	6,992	7,558	-7
Acquired loan portfolios	19,370	21,337	-9
Other assets <sup>1)</sup>	1,250	1,477	-4
Assets held for sale	4,181	-	
<b>Total assets</b>	<b>31,793</b>	<b>30,372</b>	<b>5</b>
Deposits from the public	18,198	18,169	0
Debt securities issued	5,476	5,059	8
Subordinated debt	871	837	4
<b>Total interest-bearing liabilities</b>	<b>24,545</b>	<b>24,065</b>	
Other liabilities <sup>1)</sup>	1,730	1,366	27
Liabilities held for sale	250	-	
Equity	5,268	4,941	7
<b>Total liabilities and equity</b>	<b>31,793</b>	<b>30,372</b>	<b>5</b>

<sup>1)</sup> This item does not correspond to an item of the same designation in the balance sheet, but to several corresponding items.

At the close of the period, assets and liabilities attributable to assets held for sale in the UK are reported in separate balance sheet items.

The carrying amount of acquired loan portfolios, adjusted for portfolios held for sale, totalled SEK 19,370m (21,337). Other assets decreased SEK -227m, due primarily to the reporting of assets held for sale separately in the balance sheet. Assets held for sale totalled SEK 4,181m. For additional information, see Note 9.

Total interest-bearing debt amounted to SEK 24,545m (24,065). In Sweden, deposits from the public amounted to SEK 7,430m (8,541), of which SEK 2,769m (3,775) is attributable to fixed term deposits of one-, two- and three-year duration. Deposits from the public in Germany totalled SEK 10,888m (9,564), of which SEK 7,850m (7,201) is attributable to fixed term deposits of one- to five-year duration.

At 30 September 2022, the outstanding bond debt totalled SEK 6,347m (5,896), of which SEK 5,476m (5,059) was comprised of senior unsecured liabilities. The increase is mainly attributable to exchange rate effects and accrued interest, as well as to bonds issued in the securitisation structure.

Other liabilities totalled SEK 1,730m (1,366). Liabilities attributable to assets held for sale during the period are reported separately, which reduces other liabilities. This is offset by an increase in collateral received for currency derivatives. Liabilities attributable to assets held for sale totalled SEK 250m. Equity totalled SEK 5,268m (4,941), attributable to net profit for the period and to payment of interest on Additional Tier 1 capital contributions.

## Cash flow

Comparative figures for cash flow pertain to the period Jan – Sept 2021 and include discontinued operation.

SEK m	Jan-Sep 2022	Jan-Sep 2021	Change, %
Cash flow from operating activities	4,655	2,594	79
Cash flow from investing activities	-4,033	-2,149	88
Cash flow from financing activities	-777	-974	-20
<b>Cash flow for the period</b>	<b>-155</b>	<b>-529</b>	<b>-71</b>

Cash flow from operating activities totalled SEK 4,655m, as compared with SEK 2,594m during Jan-Sep 2021. Amortisation of acquired loan portfolios increased over the comparative period and totalled SEK 3,564m (2,667).

Cash flow from investing activities totalled SEK -4,033m (-2,149). Portfolio acquisition activity was high during the period, totalling SEK -4,161m (-2,835).

Cash flow from financing activities totalled SEK -777m (-974). Net outflow from deposits from the public totalled SEK -612m (-869).

Total cash flow for the quarter amounted to SEK -154m, as compared with SEK -529m for Jan-Sep 2021.

Information on cash flow for assets and liabilities held for sale is presented in Note 9.

## Capital adequacy

Comparative figures for capital adequacy pertain to 30 June 2021.

At the close of the quarter the CET1 ratio was 12.23 per cent (9.60) for the Hoist Finance consolidated situation. CET1 capital totalled SEK 3,471m (3,480). The risk-weighted exposure amount has decreased to SEK 28,376m (36,234) since the previous quarter.

The CET1 ratio has increased significantly since the previous quarter, due mainly to a change in the risk weight for NPL portfolios. The reduction in the risk weight, from 150% to 100%, contributed to a CET1 ratio increase of 2.65 per cent. The third quarter's positive results, along with collections on existing NPL portfolios, also increased the capital base and lowered the risk exposure. The positive results contributed to an increase of 0.30% and collections to an increase of 0.23%. New portfolio acquisitions and signed but unpaid portfolios (forward flows) increased the credit risk and lowered the CET1 ratio by -0.15%.

Total capital amounted to SEK 5,449m (5,439) at the close of period and the total capital ratio was 19.20 per cent (15.01).

All capital ratios meet both internal and regulatory requirements. The exposure in the UK remains included in the balance sheet to meet capital requirements and is covered through the transaction date, which is expected to take place in October 2022.

The capital goal interval is updated to 2.3-3.3 after the annual ICLAP is adopted by the board.

For Parent Company the CET1 ratio was 12.60 per cent (10.95).

### Parent Company

Comparative figures for the Parent Company pertain to third quarter 2021.

Net interest income for the Parent Company totalled SEK 329m (229) during the third quarter, attributable primarily to a higher volume of portfolio acquisitions, including two major acquisitions in the UK market during the second quarter.

Net result from financial transactions totalled SEK 83m (40). The increase is mainly attributable to hedge accounting of subsidiary shares in PLN and a positive effect from the closing out and maturity of interest rate hedging contracts.

Operating expenses were somewhat higher and amounted to SEK –334m (–311). The increase is due primarily to higher IT costs for Group-wide services. Profit before credit losses totalled SEK 115m (53).

Impairment gains and losses totalled SEK 27m (–19), with the major part pertaining to the difference between projected and actual collections, portfolio revaluations and credit reserves for performing loans. During the quarter there was no write-down requirement for shares in subsidiaries (SEK –1m).

Earnings before tax totalled SEK 159m (50). Tax expense totalled SEK –43m (–8) during the third quarter, of which SEK 6m pertains to deferred tax. Comprehensive income for the quarter amounted to SEK 116m (42).

### Risks and uncertainties

Hoist Finance's broad geographic presence diversifies credit exposure and reduces overall risk, but also involves a complex regulatory landscape. New and amended bank and credit market company regulations may affect Hoist Finance directly (e.g., via Basel IV capital and liquidity regulations) and indirectly through the impact of similar regulations on the market's supply of loan portfolios. Hoist Finance's cross-border operations entail consolidated tax issues relating to subsidiaries in several jurisdictions. The Group is therefore exposed to potential tax risks arising from varying interpretations and applications of existing laws, treaties, regulations and guidance.

#### Development of risks

As previously communicated, the European Commission's action plan for non-performing loans has served to improve Hoist Finance's capital adequacy, as the Company will be able to equalise the discount in the purchase price with a write-down when calculating risk weight. In brief, the action plan specifies that if the discount applicable to the acquisition of unsecured acquired loans exceeds 20 per cent, the risk weight for the loan will be 100 per cent rather than the previous 150 per cent. The change, which came into effect on 11 July 2022, will increase the CET1 capital ratio by approximately 265 bps.

Collection performance for credit portfolios was in line with or exceeded forecasts during the quarter. In order to further diversify the Company's assets in a positive way from a risk perspective, Hoist Finance continues to assess new opportunities to acquire portfolios of non-performing secured loans.

Hoist Finance has entered into an agreement to sell its operation in the UK. The transaction has been approved by the authorities and was finalised 25 October 2022. Please see further under Subsequent events on page 9.

Credit risk and regulatory risk will also be reduced. Regulatory risk will be reduced due to the fact that the UK is a tightly regulated market with country-specific requirements, and also to the removal of uncertainties caused by Brexit.

In terms of the current geopolitical situation's impact on credit risk in Hoist Finance's NPL portfolios, the war in Ukraine has not had any significant impact to date on the credit risk in Hoist Finance's revenues from NPL portfolios. We do not operate in Russia or Ukraine. Any negative impact on the economy over the long term may affect Hoist Finance along with society at large, but to date we have not seen any such impact as regards revenues from NPL portfolios. Neither have rising electricity prices or the increasing rate of inflation along with higher interest rates had an impact on revenues from NPL portfolios during the quarter. We are closely monitoring developments to analyse how a weakened economy over a long period may affect risk in the NPL credit portfolios.

Credit risk in the liquidity portfolio remains low, as investments are made in government, municipal and covered bonds of high credit quality.

Hoist Finance has an internal framework for follow-up and oversight of the Group's operational risks. The Group is committed to continuously improving the quality of its internal procedures to minimise operational risks. Hoist Finance employees have more flexible working methods, compared to before the pandemic, a combination of office and at-home work, which are expected to continue in future. This is not deemed to affect operational risks to any significant degree. The level of operational risks is therefore deemed to be unchanged from previous quarters.

Market risks remain low, as Hoist Finance continuously hedges interest rate and FX risks in the short and medium term. Additional information on developments during the quarter is provided in the Net Profit section. Liquidity risk is deemed to continue to be low. The securitisation of asset portfolios is an effective method of managing the regulatory changes introduced in December 2018 (the NPL prudential backstop regulation).



**Related-party transactions**

The nature and scope of related-party transactions remain unchanged from 31 December 2021 and are described in the Annual Report.

**Group structure**

Hoist Finance AB (publ), corporate identity number 556012-8489, is the Parent Company in the Hoist Finance Group. Hoist Finance is a Swedish publicly traded limited liability company headquartered in Stockholm, Sweden. Hoist Finance AB (publ) has been listed on NASDAQ Stockholm since March 2015.

Hoist Finance AB (publ) is a credit market company under the supervision of the Swedish FSA. The operating Parent Company, including its subgroup, acquires and holds loan portfolios, which are managed by the Group's subsidiaries or foreign branch offices. These units also provide commission-based administration services to third parties and services within the Hoist Finance Group.

**Other disclosures**

For a more detailed description of the Group's legal structure, please refer to the 2021 Annual Report.

**Subsequent events**

During October 2022 UK Financial Conduct Authority (FCA) submitted their approval to the divestment of Hoist Finance's UK British operations to Lowell. The deal with Lowell was closed in the beginning of 2022, and was finalised on October 25th. The net after-tax transaction gains amounts to circa SEK 200m.

**Review**

This interim report has not been reviewed by the company's auditors.

# Quarterly Review

## Condensed income statement

SEK m	Quarter 3 2022	Quarter 2 2022	Quarter 1 2022	Quarter 4 2021	Quarter 3 2021
Net interest income	560	530	490	461	455
Total operating income	595	734	635	580	489
Total operating expenses	-522	-527	-489	-524	-486
Net operating profit/loss	73	207	146	56	3
Profit/loss before tax from continuing operations	116	218	155	68	23
Net profit/loss from discontinued operations	56	40	56	16	60
<b>Net profit/loss</b>	<b>153</b>	<b>217</b>	<b>179</b>	<b>77</b>	<b>75</b>

## Key ratios<sup>1)</sup>

SEK m	Quarter 3 2022	Quarter 2 2022	Quarter 1 2022	Quarter 4 2021	Quarter 3 2021
Cash EBITDA <sup>2)</sup>	1,528	1,683	1,475	1,296	1,132
C/I ratio, %	82	71	76	89	95
Return on equity, % <sup>2)</sup>	12	19	16	6	5
Portfolio acquisitions <sup>3)</sup>	342	2,508	1,311	723	1,226
Basic and diluted earnings per share from continuing operations, SEK	0.70	1.66	1	0.68	-0.20
Items affecting comparability	-	-	-	-	-

SEK m	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021
Gross 180-month ERC <sup>3)</sup>	28,846	29,615	26,904	32,900	32,643
Acquired loan portfolios <sup>3)</sup>	19,370	19,680	17,724	21,337	21,423
Total capital ratio, % <sup>2)</sup>	19.20	15.01	15.63	15.16	15.57
CET1 ratio, % <sup>2)</sup>	12.23	9.6	9.9	9.56	9.78
Number of employees (FTEs) <sup>2)</sup>	1,455	1,478	1,496	1,544	1,579

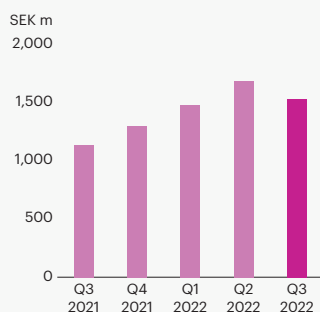
1) See Definitions and Note 9 for additional details.

2) Including discontinued operations.

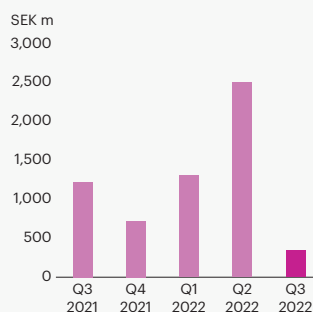
3) 2022 adjusted for discontinued operations and comparative figures including discontinued operations.

For details on items affecting comparability for previous quarters, please refer to the Financial Fact Book: <https://www.hoistfinance.com/investors/financial-information>.

### Cash EBITDA



### Portfolio acquisitions



# Financial statements

## Consolidated income statement

SEK m	Note	Quarter 3 2022	Quarter 3 2021	Jan-Sep 2022	Jan-Sep 2021	Full-year 2021
Interest income acquired loan portfolios calculated using the effective interest rate method		675	604	1,957	1,787	2,387
Other interest income <sup>1)</sup>		14	1	17	-1	-2
Interest expense		-129	-149	-395	-436	-573
<b>Net interest income</b>		<b>560</b>	<b>456</b>	<b>1,579</b>	<b>1,350</b>	<b>1,812</b>
Impairment gains and losses	4	42	-31	118	-117	-69
Fee and commission income		15	15	49	45	62
Net result from financial transactions		-24	47	204	39	83
Other operating income		2	1	11	7	15
<b>Total operating income</b>	3	<b>595</b>	<b>488</b>	<b>1,961</b>	<b>1,324</b>	<b>1,903</b>
Personnel expenses		-191	-173	-545	-543	-717
Collection costs		-172	-159	-530	-457	-640
Other administrative expenses		-132	-118	-383	-383	-519
Depreciation and amortisation of tangible and intangible assets		-27	-36	-79	-89	-118
<b>Total operating expenses</b>	3	<b>-522</b>	<b>-486</b>	<b>-1,537</b>	<b>-1,472</b>	<b>-1,994</b>
<b>Net operating profit/loss</b>		<b>73</b>	<b>2</b>	<b>424</b>	<b>-148</b>	<b>-91</b>
Share of profit from joint ventures	3	43	20	62	50	61
<b>Profit/loss before tax from continuing operations</b>	3	<b>116</b>	<b>22</b>	<b>486</b>	<b>-98</b>	<b>-30</b>
Income tax expense		-19	-7	-91	-126	-134
Net profit from discontinued operations	9	56	60	152	30	47
<b>Net profit/loss</b>		<b>153</b>	<b>75</b>	<b>547</b>	<b>-194</b>	<b>-117</b>
<i>Profit/loss attributable to:</i>						
Owners of Hoist Finance AB (publ)		119	42	452	-284	-207
Additional Tier 1 capital holders		34	33	95	90	90
Basic and diluted earnings per share continuing operations, SEK		0.70	-0.20	3.35	-3.52	-2.85
Basic and diluted earnings per share discontinued operations, SEK		0.63	0.67	1.72	0.34	0.53
Basic and diluted earnings per share total, SEK		1.33	0.47	5.07	-3.18	-2.32

1) Of which interest income calculated using the effective interest method amount to SEK 4.6m (0.1) during quarter 3, SEK 8m (-0.5) during Jan-Sep and SEK -0.1m during full-year 2021.

## Condensed consolidated statement of comprehensive income

SEK m	Quarter 3 2022	Quarter 3 2021	Jan-Sep 2022	Jan-Sep 2021	Full-year 2021
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>153</b>	<b>75</b>	<b>547</b>	<b>-194</b>	<b>-117</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Revaluation of defined benefit pension plan	-	-	-	-	3
Tax attributable to items that will not be reclassified to profit or loss	-	-	-	-	-
<b>Total items that will not be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>
<i>Items that may be reclassified subsequently to profit or loss</i>					
Translation difference, foreign operations	-1	-15	-4	5	17
Hedging of currency risk in foreign operations	-128	7	-159	-14	-42
Transferred to the income statement during the year	2	1	3	3	3
Tax attributable to items that may be reclassified to profit or loss	26	-1	33	3	9
<b>Total items that may be reclassified subsequently to profit or loss</b>	<b>-101</b>	<b>-10</b>	<b>-126</b>	<b>-3</b>	<b>-13</b>
<b>Other comprehensive income for the period</b>	<b>-101</b>	<b>-10</b>	<b>-126</b>	<b>-3</b>	<b>-10</b>
<b>Total comprehensive income for the period</b>	<b>52</b>	<b>65</b>	<b>421</b>	<b>-197</b>	<b>-127</b>
Profit/loss attributable to:					
Owners of Hoist Finance AB (publ)	18	43	326	-265	-217
Additional Tier 1 capital holders	34	22	95	68	90

## Consolidated balance sheet

SEK m		30 Sep 2022	30 Sep 2021	31 Dec 2021
<b>ASSETS</b>				
Cash		0	0	0
Treasury bills and Treasury bonds		1,652	1,124	1,576
Lending to credit institutions		2,013	3,397	2,480
Lending to the public		2	4	3
Acquired loan portfolios	4	19,370	21,423	21,337
Value change of interest-hedged items in portfolio hedging		-170	-	-
Bonds and other securities		3,327	3,376	3,502
Shares and participations in joint ventures		161	156	155
Intangible assets		333	369	360
Tangible assets		165	219	205
Other assets		532	406	490
Deferred tax assets		123	145	160
Prepayments and accrued income		104	144	104
Assets held for sale	9	4,181	-	-
<b>Total assets</b>		<b>31,793</b>	<b>30,763</b>	<b>30,372</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Deposits from the public		18,198	17,165	18,169
Debt securities issued		5,476	6,586	5,059
Tax liabilities		158	203	189
Other liabilities		1,193	683	797
Deferred tax liabilities		100	127	127
Accrued expenses and deferred income		220	236	194
Provisions		59	63	59
Subordinated debts		871	827	845
Liabilities held for sale	9	250	-	-
<b>Total liabilities</b>		<b>26,525</b>	<b>25,890</b>	<b>25,431</b>
<b>Equity</b>				
Additional Tier 1 capital holders		1,106	1,106	1,106
Share capital		30	30	30
Other contributed equity		2,275	2,275	2,275
Reserves		-521	-384	-394
Retained earnings including profit/loss for the period		2,378	1,846	1,924
<b>Total equity</b>		<b>5,268</b>	<b>4,873</b>	<b>4,941</b>
<b>Total liabilities and equity</b>		<b>31,793</b>	<b>30,763</b>	<b>30,372</b>

## Consolidated statement of changes in equity

SEK m	Equity attributable to shareholders of Hoist Finance AB (publ)							
	Share capital	Other contributed equity	Reserves		Retained earnings including profit/loss for the period	Total	Additional Tier 1 capital holders	Total equity
			Hedge reserve	Translation reserve				
<b>Opening balance 1 Jan 2022</b>	30	2,275	-473	79	1,924	3,835	1,106	4,941
<b>Comprehensive income for the period</b>								
Profit/loss for the period					452	452	95	547
Other comprehensive income			-123	-4		-127		-127
<b>Total comprehensive income for the period</b>			<b>-123</b>	<b>-4</b>	<b>452</b>	<b>325</b>	<b>95</b>	<b>420</b>
<b>Transactions reported directly in equity</b>								
Interest paid on Additional Tier 1 capital							-95	-95
Share-based payments <sup>1)</sup>					2	2		2
<b>Total transactions reported directly in equity</b>					<b>2</b>	<b>2</b>	<b>-95</b>	<b>-93</b>
<b>Closing balance 30 Sep 2022</b>	<b>30</b>	<b>2,275</b>	<b>-596</b>	<b>75</b>	<b>2,378</b>	<b>4,162</b>	<b>1,106</b>	<b>5,268</b>

1) For more information on share-based payments, see Hoist Finance Annual report 2021.

SEK m	Equity attributable to shareholders of Hoist Finance AB (publ)							
	Share capital	Other contributed equity	Reserves		Retained earnings including profit/loss for the period	Total	Additional Tier 1 capital holders	Total equity
			Hedge reserve	Translation reserve				
<b>Opening balance 1 Jan 2021</b>	30	2,275	-443	62	2,128	4,052	1,106	5,158
<b>Comprehensive income for the period</b>								
Profit/loss for the period					-284	-284	90	-194
Other comprehensive income			-8	5	0	-3		-3
<b>Total comprehensive income for the period</b>			<b>-8</b>	<b>5</b>	<b>-284</b>	<b>-287</b>	<b>90</b>	<b>-197</b>
<b>Transactions reported directly in equity</b>								
Interest paid on Additional Tier 1 capital							-90	-90
Share-based payments					2 <sup>1)</sup>	2		2
<b>Total transactions reported directly in equity</b>					<b>2</b>	<b>2</b>	<b>-90</b>	<b>-88</b>
<b>Closing balance 30 Sep 2021</b>	<b>30</b>	<b>2,275</b>	<b>-451</b>	<b>67</b>	<b>1,846</b>	<b>3,767</b>	<b>1,106</b>	<b>4,873</b>

SEK m	Equity attributable to shareholders of Hoist Finance AB (publ)							
	Share capital	Other contributed equity	Reserves		Retained earnings including profit/loss for the period	Total	Additional Tier 1 capital holders	Total equity
			Hedge reserve	Translation reserve				
<b>Opening balance 1 Jan 2021</b>	30	2,275	-443	62	2,128	4,052	1,106	5,158
<b>Comprehensive income for the period</b>								
Profit/loss for the period					-207	-207	90	-117
Other comprehensive income			-30	17	3	-10		-10
<b>Total comprehensive income for the period</b>			<b>-30</b>	<b>17</b>	<b>-204</b>	<b>-217</b>	<b>90</b>	<b>-127</b>
<b>Transactions reported directly in equity</b>								
Interest paid on Additional Tier 1 capital							-90	-90
Share-based payments					0	0		0
<b>Total transactions reported directly in equity</b>					<b>0</b>	<b>0</b>	<b>-90</b>	<b>-90</b>
<b>Closing balance 31 Dec 2021</b>	<b>30</b>	<b>2,275</b>	<b>-473</b>	<b>79</b>	<b>1,924</b>	<b>3,835</b>	<b>1,106</b>	<b>4,941</b>

## Condensed consolidated cash flow statement <sup>1)</sup>

SEK m	Quarter 3 2022	Quarter 3 2021	Jan-Sep 2022	Jan-Sep 2021	Full-year 2021
<b>Profit/loss before tax</b>	169	82	628	-112	-39
– of which, paid-in interest	821	752	2,383	2,253	3,002
– of which, interest paid	-96	-103	-316	-356	-530
Adjustment for other items not included in cash flow	117	105	-89	502	262
Realised result from divestment of loan portfolios	-	-	-	-	-1
Realised result from divestment of shares and participations in joint ventures	-17	-17	-55	-52	-66
Income tax paid/received	-23	-28	-59	-80	-100
Amortisations on acquired loan portfolios	1,098	886	3,564	2,667	3,685
Increase/decrease in other assets and liabilities	537	65	666	-331	-260
<b>Cash flow from operating activities</b>	<b>1,881</b>	<b>1,093</b>	<b>4,655</b>	<b>2,594</b>	<b>3,481</b>
Acquired loan portfolios	-342	-1,226	-4,161	-2,835	-3,558
Investments in bonds and other securities	-722	-	-1,124	-827	-1,109
Divestments of bonds and other securities	101	747	1,254	1,537	1,691
Other cash flows from investing activities	-21	-1	-2	-24	-20
<b>Cash flow from investing activities</b>	<b>-984</b>	<b>-480</b>	<b>-4,033</b>	<b>-2,149</b>	<b>-2,996</b>
Deposits from the public	-270	-317	-612	-869	117
Debt securities issued	0	16	864	75	94
Repurchase and repayment of Debt securities issued	-19	-17	-896	-51	-1,517
Interest paid on Additional Tier 1 capital	-34	-32	-95	-90	-90
Amortisation of lease liabilities	-13	-18	-38	-39	-52
<b>Cash flow from financing activities</b>	<b>-336</b>	<b>-368</b>	<b>-777</b>	<b>-974</b>	<b>-1,448</b>
<b>Cash flow for the period</b>	<b>561</b>	<b>245</b>	<b>-154</b>	<b>-529</b>	<b>-963</b>
Cash at beginning of the period	2,992	3,839	3,625	4,576	4,576
Translation difference	10	8	92	45	12
<b>Cash at end of the period<sup>2)</sup></b>	<b>3,563</b>	<b>4,092</b>	<b>3,563</b>	<b>4,092</b>	<b>3,625</b>

<sup>1)</sup> Include discontinued operations

## 2) Cash and cash equivalents in cash flow statement

SEK m	30 Sep 2022	30 Sep 2021	31 Dec 2021
Cash	0	0	0
Treasury bills and Treasury bonds	1,652	1,124	1,576
Lending to credit institutions	2,251	3,397	2,480
excl. lending to credit institutions in securitisation vehicles	-340	-270	-301
excl. pledged bank balances	-	-159	-130
<b>Total cash and cash equivalents in cash flow statement</b>	<b>3,563</b>	<b>4,092</b>	<b>3,625</b>

## Parent Company

### Parent Company condensed income statement

SEK m	Quarter 3 2022	Quarter 3 2021	Jan-Sep 2022	Jan-Sep 2021	Full-year 2021
Interest income	448	365	1,248	1,170	1,528
Interest expense	-119	-136	-359	-394	-518
<b>Net interest income</b>	<b>329</b>	<b>229</b>	<b>889</b>	<b>776</b>	<b>1,010</b>
Dividends received	-	-	-	-	-
Net result from financial transactions	83	40	207	32	68
Other operating income	37	96	134	245	276
<b>Total operating income</b>	<b>449</b>	<b>364</b>	<b>1,230</b>	<b>1,053</b>	<b>1,354</b>
General administrative expenses	-320	-288	-901	-892	-1,206
Depreciation and amortisation of tangible and intangible assets	-14	-23	-41	-49	-68
<b>Total operating expenses</b>	<b>-334</b>	<b>-311</b>	<b>-942</b>	<b>-941</b>	<b>-1,273</b>
<b>Profit before credit losses</b>	<b>115</b>	<b>53</b>	<b>288</b>	<b>112</b>	<b>81</b>
Impairment gains and losses on acquired loan portfolios	27	-19	70	-34	7
Amortisation of other financial fixed assets	0	-1	-35	-72	-72
Share of profit from joint ventures	17	17	56	51	66
<b>Profit/loss before tax</b>	<b>159</b>	<b>50</b>	<b>379</b>	<b>57</b>	<b>82</b>
Appropriations	0	0	0	0	-8
Taxes	-43	-8	-92	-125	-127
<b>Net profit/loss</b>	<b>116</b>	<b>42</b>	<b>287</b>	<b>-68</b>	<b>-53</b>

### Parent company condensed statement of comprehensive income

SEK m	Quarter 3 2022	Quarter 3 2021	Jan-Sep 2022	Jan-Sep 2021	Full-year 2021
<b>Net profit/loss</b>	<b>116</b>	<b>42</b>	<b>287</b>	<b>-68</b>	<b>-53</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Translation difference, foreign operations	0	0	0	0	0
Tax attributable to items that may be reclassified to profit or loss	0	-1	0	-1	-1
<b>Total items that may be reclassified subsequently to profit or loss</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>-1</b>	<b>-1</b>
<b>Other comprehensive income for the period</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>-1</b>	<b>-1</b>
<b>Total comprehensive income for the period</b>	<b>116</b>	<b>41</b>	<b>287</b>	<b>-69</b>	<b>-54</b>



## Parent Company condensed balance sheet

SEK m	30 Sep 2022	30 Sep 2021	31 Dec 2021
<b>ASSETS</b>			
Cash	2,902	3,517	3,043
Acquired loan portfolios	8,783	6,379	6,360
Receivables, Group companies	11,726	15,299	15,168
Bonds and other securities	3,327	3,376	3,502
Shares in subsidiaries and joint ventures	3,812	825	870
Tangible and intangible fixed assets	188	239	224
Other assets	509	334	380
<b>Total assets</b>	<b>31,247</b>	<b>29,969</b>	<b>29,547</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Deposits from the public	18,198	17,165	18,169
Debt securities issued	4,982	6,142	4,605
Other liabilities	2,095	948	1,029
Provisions	36	35	35
Subordinated debts	872	827	837
<b>Total liabilities and provisions</b>	<b>26,183</b>	<b>25,117</b>	<b>24,675</b>
<b>Untaxed reserves</b>	<b>285</b>	<b>277</b>	<b>285</b>
<b>Equity</b>			
Restricted equity	114	115	114
<b>Total restricted equity</b>	<b>114</b>	<b>114</b>	<b>114</b>
Non-restricted equity			
Additional Tier 1 capital holders	1,106	1,106	1,106
Non-restricted equity attributable to shareholders	3,559	3,354	3,367
<b>Total unrestricted equity</b>	<b>4,665</b>	<b>4,460</b>	<b>4,473</b>
<b>Total equity</b>	<b>4,779</b>	<b>4,575</b>	<b>4,587</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>31,247</b>	<b>29,969</b>	<b>29,547</b>

# Notes

## Note 1 Accounting principles

This interim report was prepared in accordance with IAS 34, Interim Financial Reporting. The consolidated accounts were prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations thereof as adopted by the European Union. The accounting follows the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the regulatory code issued by the Swedish Financial Supervisory Authority on Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25), including applicable amendments. The Swedish Financial Reporting Board's RFR 1, Supplementary Accounting Rules for Groups, has also been applied.

The Parent Company Hoist Finance AB (publ) prepares its interim reports in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the regulatory code issued by the Swedish Financial Supervisory Authority on Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25), including applicable amendments. The Swedish Financial Board's RFR 2, Accounting for Legal Entities, is also applied.

### Change in accounting principles 2022

No IFRS or IFRIC Interpretations that came into effect in 2022 had any significant impact on the Group's financial reports or capital adequacy. For group, hedge accounting has been extended from Q3 2022 to also be applied on the interest risk of NPL portfolios.

For Q1 2022 Hoist Finance has classified the UK subsidiary as a disposal group available for sale, the accounting principles for which are detailed below.

In all material respects, the Group's and Parent Company's accounting principles, bases for calculation and presentation remain unchanged from those applied in the 2021 annual report.

### Critical estimates and judgements

Hoist Finance continuously monitors the development of the Group's loan portfolios and markets and the ways in which these are impacted by macroeconomic factors.

As regards developments in Ukraine, Hoist Finance's assessment is that this does not currently affect our business, as no operations are conducted in Ukraine or Russia.

While other macroeconomic factors such as inflation and higher interest rates have not had any impact on Hoist Finance's estimates and assessments to date, developments are being closely monitored to evaluate whether such factors may result in a decrease of our customers' ability to amortise their debt in the future. This might then affect the valuation of our credit portfolios.

There have been no changes to the previous estimates, assumptions and assessments presented in the 2021 Annual Report.

### Disposal group available for sale and discontinued operations

#### Disposal group available for sale

The carrying amount of disposal group classified as held for sale will be recovered primarily through sale, not through use. A disposal group is classified as held for sale if it is available for immediate sale in its present condition and at normal terms, and when it is highly probable that such a sale will take place.

Assets of a disposal group available for sale are reported separately from other assets in the balance sheet. Liabilities of a disposal group available for sale are reported separately from other liabilities in the balance sheet.

The disposal group is reported at book value or fair value, whichever is lower, less sales costs. This may result in a write-down of the disposal group.

#### Discontinued operations

A discontinued operation is part of a company's operations that represents an independent business segment or a significant operation within a specific geographic area. An operation is classified as a discontinued operation when it is sold, or at an earlier point of time when the operation meets the criteria to be classified as held for sale.

Net profit/loss from discontinued operations is reported as a separate item in the consolidated statement of comprehensive income. When an operation is classified as discontinued, comparative figures for the previous year are adjusted to reflect discontinuation of the operation as from the beginning of the comparative year.

Pursuant to RFR 2, the discontinued operation is not accounted for separately in the Parent Company's financial statements; this information is presented in a note.

### Adjusted segment classification as of 2022

From 2022, Hoist Finance has merged the Secured and Performing segments to provide additional details on its operations based on the segments that Hoist Finance monitors internally. Operations are accordingly presented in two segments, Unsecured and Secured, as of the first quarter 2022. Comparative figures have been adjusted to facilitate understanding of the new classification. See Note 3 "Segment reporting" for additional information on the operating segments.

For Subsequent events according to IAS 34.16A, please see page 9.

## Note 2 Exchange rates

	Quarter 3 2022	Quarter 3 2021	Full-year 2021		Quarter 3 2022	Quarter 3 2021	Full-year 2021
<b>1 EUR = SEK</b>				<b>1 PLN = SEK</b>			
Income statement (average)	10.5232	10.1495	10.1435	Income statement (average)	2.2542	2.2329	2.2231
Balance sheet (at end of the period)	10.9177	10.2010	10.2269	Balance sheet (at end of the period)	2.2489	2.2024	2.2279
<b>1 GBP = SEK</b>				<b>1 RON=SEK</b>			
Income statement (average)	12.4285	11.7480	11.7944	Income statement (average)	2.1323	2.0665	2.0614
Balance sheet (at end of the period)	12.4071	11.8099	12.1790	Balance sheet (at end of the period)	2.2060	2.0618	2.0676

## Note 3 Segment reporting

### Operating segments

Segment reporting has been prepared based on the manner in which executive management monitors operations. From 1 January 2022, Hoist Finance has merged the Secured and Performing segments to more clearly present its operations based on the segments that Hoist Finance monitors internally. Comparative figures for 2021 have been restated for the adjusted business areas.

- » **Unsecured** has full responsibility for unsecured non-performing loans. Unsecured leads the transition from analogue to digital debt management and works with national markets and other business areas to ensure Hoist Finance's digital industry leadership. Unsecured is also responsible for customer relations services provided for unsecured NPLs.
- » **Secured** has full responsibility for secured non-performing loans, including recovery activities, call centre and collateral management. Non-credit impaired loan portfolios are included in this segment, as these also have collateral attached to the receivable.

The business lines' income statements follow the statutory account preparation for the Group's income statement for Total operating

income, with the exception of interest expense. Interest expense is included in Net interest income in Total operating income and is allocated to the business lines based on acquired loan portfolio assets in relation to a fixed internal monthly interest rate for each portfolio. The difference between the external interest expense and internal funding cost is reported in Group items.

Total operating expenses also follow the statutory account preparation for the Group's income statement, but are distributed between direct and indirect expenses. Direct expenses are expenses directly attributable to, while indirect expenses are expenses from central and support functions that are related to the business lines.

Group items pertains to revenue and expenses for the Group's corporate financial transactions, expenses for deposits from the public, and other operating expenses.

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

### Income statement, Quarter 3, 2022

SEK m	Unsecured	Of which discontinued operations Unsecured <sup>3)</sup>	Secured <sup>4)</sup>	Group items	Total continuing operations
<b>Total operating income</b>	<b>612</b>	<b>122</b>	<b>73</b>	<b>32</b>	<b>595</b>
<i>of which, interest expense</i>	-142		-28	41	-129
<b>Operating expenses</b>					
Direct expenses <sup>1)</sup>	-295	-48	-35	-	-282
Indirect expenses <sup>1)</sup>	-220	-20	-37	-3	-240
<b>Total operating expenses</b>	<b>-515</b>	<b>-68</b>	<b>-72</b>	<b>-3</b>	<b>-522</b>
Share of profit from joint ventures	43				
<b>Profit/loss before tax</b>	<b>140</b>	<b>54</b>	<b>1</b>	<b>29</b>	<b>116</b>
<b>Key ratios<sup>2)</sup></b>					
Direct contribution	317	74	38	32	313
Acquired loan portfolios	18,534	3,716	4,552		19,370

1) Direct expenses are expenses directly attributable to the Business line. Indirect expenses are expenses related to support functions.

2) See Definitions.

3) Discontinued operation excludes internal transactions, internal interest expense for discontinued operation is SEK -5m. See Note 9.

4) Discontinued operation includes an amount of SEK -0.05 attributable to Secured pertaining to direct costs that are not broken down in the segment, but are reported in "of which, discontinued operation".

Note **3** Segment reporting

## Income statement, Jan–Sep, 2022

SEK m	Unsecured	Of which discontinued operations Unsecured <sup>3)</sup>	Secured <sup>4)</sup>	Group items	Total continuing operations
<b>Total operating income</b>	<b>1,767</b>	<b>398</b>	<b>260</b>	<b>332</b>	<b>1,961</b>
of which, interest expense	-416		-79	99	-396
<b>Operating expenses</b>					
Direct expenses <sup>1)</sup>	-897	-136	-111	-	-872
Indirect expenses <sup>1)</sup>	-665	-120	-111	-9	-665
<b>Total operating expenses</b>	<b>-1,562</b>	<b>-256</b>	<b>-222</b>	<b>-9</b>	<b>-1,537</b>
Share of profit from joint ventures	62				
<b>Profit/loss before tax</b>	<b>267</b>	<b>142</b>	<b>38</b>	<b>323</b>	<b>486</b>
<b>Key ratios<sup>2)</sup></b>					
Direct contribution	870	262	149	332	1,089
Acquired loan portfolios	18,534	3,716	4,552		19,370

1) Direct expenses are expenses directly attributable to the Business line. Indirect expenses are expenses related to support functions.

2) See Definitions.

3) Discontinued operation excludes internal transactions, internal interest expense for discontinued operation is SEK 3m. See Note 9.

4) Discontinued operation includes an amount of SEK -0.15m attributable to Secured pertaining to direct costs that are not broken down in the segment, but are reported in "of which, discontinued operation Unsecured".

## Income statement, Quarter 3, 2021

SEK m	Unsecured	Of which discontinued operations Unsecured <sup>3)</sup>	Secured <sup>4)</sup>	Group items	Total continuing operations
<b>Total operating income</b>	<b>478</b>	<b>153</b>	<b>111</b>	<b>52</b>	<b>488</b>
of which, interest expense	-131		-21	3	-149
<b>Operating expenses</b>					
Direct expenses <sup>1)</sup>	-270	-45	-33	-	-258
Indirect expenses <sup>1)</sup>	-233	-49	-40	-4	-228
<b>Total operating expenses</b>	<b>-503</b>	<b>-94</b>	<b>-73</b>	<b>-4</b>	<b>-486</b>
Share of profit from joint ventures	20	-	-	-	20
<b>Profit/loss before tax</b>	<b>-5</b>	<b>59</b>	<b>38</b>	<b>48</b>	<b>22</b>
<b>Key ratios<sup>2)</sup></b>					
Direct contribution	207	109	78	52	230
Acquired loan portfolios <sup>5)</sup>	16,788	-	4,635	-	21,423

1) Direct expenses are expenses directly attributable to the Business line. Indirect expenses are expenses related to support functions.

2) See Definitions.

3) Discontinued operation excludes internal transactions, internal interest expense for discontinued operation is SEK 8m. See Note 9.

4) Discontinued operation includes an amount of SEK 0.4m attributable to Secured pertaining to direct costs that are not broken down in the segment, but are reported in "of which, discontinued operation Unsecured".

5) Acquired loan portfolios Unsecured includes portfolios attributable to assets held for sale.

## Note 3 Segment reporting

### Income statement, Jan–Sep, 2021

SEK m	Unsecured	Of which discontinued operations Unsecured <sup>3)</sup>	Secured <sup>4)</sup>	Group items	Total continuing operations
<b>Total operating income</b>	<b>1,232</b>	<b>264</b>	<b>286</b>	<b>69</b>	<b>1,323</b>
of which, interest expense	-397		-60	21	-436
<b>Operating expenses</b>					
Direct expenses <sup>1)</sup>	-809	-125	-95	-	-779
Indirect expenses <sup>1)</sup>	-711	-151	-120	-12	-692
<b>Total operating expenses</b>	<b>-1,520</b>	<b>-276</b>	<b>-215</b>	<b>-12</b>	<b>-1,471</b>
Share of profit from joint ventures	50		-	-	
<b>Profit/loss before tax</b>	<b>-238</b>	<b>-12</b>	<b>71</b>	<b>57</b>	<b>-98</b>
<b>Key ratios<sup>2)</sup></b>					
Direct contribution	423	138	192	69	544
Acquired loan portfolios <sup>5)</sup>	16,788	-	4,635	-	21,423

1) Direct expenses are expenses directly attributable to the Business line. Indirect expenses are expenses related to support functions.

2) See Definitions.

3) Discontinued operation excludes internal transactions, internal interest expense for discontinued operation is SEK -141m. See Note 9.

4) Discontinued operation includes an amount of SEK -0.8m attributable to Secured pertaining to direct costs that are not broken down in the segment, but are reported in "of which, discontinued operation Unsecured".

5) Acquired loan portfolios Unsecured includes portfolios attributable to assets held for sale.

### Income statement, full-year, 2021

SEK m	Unsecured	Of which discontinued operations Unsecured <sup>3)</sup>	Secured <sup>4)</sup>	Group items	Total continuing operations
<b>Total operating income</b>	<b>1,762</b>	<b>352</b>	<b>359</b>	<b>134</b>	<b>1,903</b>
of which, interest expense	-527	-	-82	34	-575
<b>Operating expenses</b>					
Direct expenses <sup>1)</sup>	-1,099	-167	-130	0	-1,063
Indirect expenses <sup>1)</sup>	-944	-193	-159	-22	-931
<b>Total operating expenses</b>	<b>-2,043</b>	<b>-360</b>	<b>-289</b>	<b>-22</b>	<b>-1,994</b>
Share of profit from joint ventures	61				61
<b>Profit/loss before tax</b>	<b>-220</b>	<b>-8</b>	<b>70</b>	<b>112</b>	<b>-30</b>
<b>Key ratios<sup>2)</sup></b>					
Direct contribution	663	188	229	134	838
Acquired loan portfolios <sup>5)</sup>	16,802	-	4,535	-	21,337

1) Direct expenses are expenses directly attributable to the Business line. Indirect expenses are expenses related to support functions.

2) See Definitions.

3) Discontinued operation excludes internal transactions, internal interest expense for discontinued operation is SEK -169m. See Note 9.

4) Discontinued operation includes an amount of SEK -1.7m attributable to Secured pertaining to direct costs that are not broken down in the segment, but are reported in "of which, discontinued operation Unsecured".

5) Acquired loan portfolios Unsecured includes portfolios attributable to assets held for sale.

## Note 4 Acquired loan portfolios

### Acquired loan portfolios, 30 September 2022

#### Acquired credit-impaired loan portfolios

MSEK	Gross carrying amount	Acquired loan portfolios related to the disposal group, Gross carrying amount	Loss allowance					Acquired loan portfolios related to the disposal group, POCI	Loss Allowance	Net carrying amount, continuing operations
			Stage 1 12MECL	Stage 2 LECL	Stage 3 LECL	POCI				
<b>Opening balance 1 Jan 2022</b>	<b>21,111</b>	<b>-4,587</b>				<b>-470</b>	<b>423</b>	<b>-47</b>	<b>16,477</b>	
Acquisitions	4,161								4,161	
Interest income	2,323	-413							1,910	
Gross collections	-5,819	943							-4,876	
Impairment gains and losses						103	16	119	119	
<i>of which, realised collections against active forecast</i>						453	19	472	472	
<i>of which, portfolio revaluations</i>						-350	-3	-353	-353	
Translation differences	1,061	-105				-25	8	-17	939	
<b>Closing balance 30 Sep 2022</b>	<b>22,837</b>	<b>-4,162</b>				<b>-392</b>	<b>447</b>	<b>55</b>	<b>18,730</b>	

#### Acquired performing loan portfolios

<b>Opening balance 1 Jan 2022</b>	<b>702</b>		<b>-1</b>	<b>-1</b>	<b>-4</b>			<b>-6</b>	<b>696</b>
Interest income	47		-	-	-			-	47
Amortisations and interest payments	-115		-	-	-			-	-115
Changes in loss allowance	0		0	0	-1			-1	-1
Derecognitions	-1		-	-	-			-	-1
Translation differences	14		0	0	0			-	14
<b>Closing balance 30 Sep 2022</b>	<b>647</b>		<b>-1</b>	<b>-1</b>	<b>-5</b>			<b>-7</b>	<b>640</b>

<b>Total closing balance 30 Sep 2022</b>	<b>23,484</b>	<b>-4,162</b>	<b>-1</b>	<b>-1</b>	<b>-5</b>	<b>-392</b>	<b>447</b>	<b>48</b>	<b>19,370</b>
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The performing loan portfolios follow the ECL model in accordance with IFRS 9 for write-downs based on changes in credit risk following first recognition under the 3-step model.

The non-performing loan portfolios are acquired at a price significantly below the nominal receivable and are classified from day one

as an acquired credit-impaired receivable. Accordingly, on day one the receivables are recognised at acquisition price with no additional ECL. Expected cash flow is continuously monitored pursuant to our revaluation policy and any new adjustments to cash flow that affect the value are booked against the accumulated reserve.

## Note 4 Acquired loan portfolios, cont.

### Acquired loan portfolios, 30 Sep 2021

#### Acquired credit-impaired loan portfolios

SEK m	Gross carrying amount	Loss allowance					Net carrying amount
		Stage 1 12MECL	Stage 2 LECL	Stage 3 LECL	POCI	Loss Allowance	
<b>Opening balance 1 Jan 2021</b>	<b>20,430</b>				<b>-108</b>	<b>-108</b>	<b>20,322</b>
Acquisitions	2,835						2,835
Interest income	2,222						2,222
Gross collections	-4,828						-4,828
Impairment gains and losses					-330	-303	-330
<i>of which, realised collections against active forecast</i>					191	191	191
<i>of which, portfolio revaluations</i>					-521	-521	-521
Translation differences	511				-14	-14	497
<b>Closing balance 30 Sep 2021</b>	<b>21,170</b>				<b>-452</b>	<b>-452</b>	<b>20,718</b>

#### Acquired performing loan portfolios

<b>Opening balance 1 Jan 2021</b>	<b>758</b>	<b>-1</b>	<b>0</b>	<b>-4</b>		<b>-5</b>	<b>753</b>
Interest income	39	-	-	-		-	39
Amortisations and interest payments	-100	-	-	-		-	-100
Changes in loss allowance	-	0	-1	0		-1	-1
Derecognitions	-1	-	-	-		-	-1
Translation differences	15	0	0	0		0	15
<b>Closing balance 30 Sep 2021</b>	<b>711</b>	<b>-1</b>	<b>-1</b>	<b>-4</b>		<b>-6</b>	<b>705</b>
<b>Total closing balance 30 Sep 2021</b>	<b>21,881</b>	<b>-1</b>	<b>-1</b>	<b>-4</b>	<b>-452</b>	<b>-458</b>	<b>21,423</b>

### Acquired loan portfolios, 31 Dec 2021

#### Acquired credit-impaired loan portfolios

SEK m	Gross carrying amount	Loss allowance					Net carrying amount
		Stage 1 12MECL	Stage 2 LECL	Stage 3 LECL	POCI	Loss Allowance	
<b>Opening balance 1 Jan 2021</b>	<b>20,430</b>				<b>-108</b>	<b>-108</b>	<b>20,322</b>
Acquisitions	3,558						3,558
Interest income	2,956						2,956
Gross collections	-6,557						-6,557
Impairment gains and losses					-337	-337	-337
<i>of which, realised collections against active forecast</i>					298	298	298
<i>of which, portfolio revaluations</i>					-635	-635	-635
Disposals	-2				0	0	-2
Translation differences	726				-25	-25	701
<b>Closing balance 31 Dec 2021</b>	<b>21,111</b>				<b>-470</b>	<b>-470</b>	<b>20,641</b>

#### Acquired performing loan portfolios

<b>Opening balance 1 Jan 2021</b>	<b>758</b>	<b>-1</b>	<b>0</b>	<b>-4</b>		<b>-5</b>	<b>753</b>
Interest income	51	-	-	-		-	51
Amortisations and interest payments	-134	-	-	-		-	-134
Changes in loss allowance	-	0	-1	0		-1	-1
Derecognitions	-1	-	-	-		-	-1
Translation differences	28	0	0	0		0	28
<b>Closing balance 31 Dec 2021</b>	<b>702</b>	<b>-1</b>	<b>-1</b>	<b>-4</b>		<b>-6</b>	<b>696</b>
<b>Total closing balance 31 Dec 2021</b>	<b>21,813</b>	<b>-1</b>	<b>-1</b>	<b>-4</b>	<b>-470</b>	<b>-476</b>	<b>21,337</b>

## Note 5 Financial instruments

### Carrying amount and fair value of financial instruments, 30 Sep 2022<sup>1)</sup>

SEK m	Assets/liabilities recognised at fair value through profit or loss		Hedging instruments <sup>2)</sup>	Amortised cost	Total carrying amount	Fair value
	Fair value option	Mandatorily				
Cash	-	-	-	0	0	0
Treasury bills and treasury bonds	-	1,652	-	-	1,652	1,652
Lending to credit institutions	-	-	-	2,013	2,013	2,013
Lending to the public	-	-	-	2	2	2
Acquired loan portfolios	-	-	-	19,370	19,370	20,144
Bonds and other securities	-	3,327	-	-	3,327	3,327
Derivatives	-	304	34	-	338	338
Other financial assets	-	-	-	174	174	174
<b>Total</b>	-	<b>5,283</b>	<b>34</b>	<b>21,559</b>	<b>26,876</b>	<b>27,650</b>
Deposits from the public	-	-	-	18,198	18,198	18,223
Derivatives	-	19	134	-	153	153
Debt securities issued	-	-	-	5,476	5,476	5,419
Subordinated debt	-	-	-	871	871	781
Other financial debts	-	-	-	1,227	1,227	1,227
<b>Total</b>	-	<b>19</b>	<b>134</b>	<b>25,772</b>	<b>25,925</b>	<b>25,803</b>

1) Financial instruments are presented excluding discontinued operations. Carrying amount of Acquired loan portfolios from discontinued operations amount to SEK 3,885m and fair value amount to SEK 3,934m.

2) Derivatives recognised as hedging instruments is valued at fair value through other comprehensive income.

### Carrying amount and fair value of financial instruments, 30 Sep 2021

SEK m	Assets/liabilities recognised at fair value through profit or loss		Hedging instruments <sup>2)</sup>	Amortised cost	Total carrying amount	Fair value
	Fair value option	Mandatorily				
Cash	-	-	-	0	0	0
Treasury bills and treasury bonds	-	1,124	-	-	1,124	1,124
Lending to credit institutions	-	-	-	3,397	3,397	3,397
Lending to the public	-	-	-	4	4	4
Acquired loan portfolios	-	-	-	21,423	21,423	22,274
Bonds and other securities	-	3,376	-	-	3,376	3,376
Derivatives	-	27	69	-	96	96
Other financial assets	-	-	-	282	282	282
<b>Total</b>	-	<b>4,527</b>	<b>69</b>	<b>25,106</b>	<b>29,702</b>	<b>30,553</b>
Deposits from the public	-	-	-	17,165	17,165	17,165
Derivatives	-	10	-	-	10	10
Debt securities issued	-	-	-	6,586	6,586	6,867
Subordinated debt	-	-	-	827	827	807
Other financial debts	-	-	-	882	882	882
<b>Total</b>	-	<b>10</b>	-	<b>25,460</b>	<b>25,470</b>	<b>25,731</b>

### Carrying amount and fair value of financial instruments, 31 Dec 2021

SEK m	Assets/liabilities recognised at fair value through profit or loss		Hedging instruments <sup>2)</sup>	Amortised cost	Total carrying amount	Fair value
	Fair value option	Mandatorily				
Cash	-	-	-	0	0	0
Treasury bills and treasury bonds	-	1,576	-	-	1,576	1,576
Lending to credit institutions	-	-	-	2,480	2,480	2,480
Lending to the public	-	-	-	3	3	3
Acquired loan portfolios	-	-	-	21,337	21,337	21,769
Bonds and other securities	-	3,502	-	-	3,502	3,502
Derivatives	-	75	1	-	76	76
Other financial assets	-	-	-	380	380	380
<b>Total</b>	-	<b>5,153</b>	<b>1</b>	<b>24,200</b>	<b>29,354</b>	<b>29,786</b>
Deposits from the public	-	-	-	18,169	18,169	18,169
Derivatives	-	22	122	-	144	144
Debt securities issued	-	-	-	5,059	5,059	5,289
Subordinated debt	-	-	-	837	837	813
Other financial debts	-	-	-	808	808	808
<b>Total</b>	-	<b>22</b>	<b>122</b>	<b>24,873</b>	<b>25,017</b>	<b>25,223</b>

2) Derivatives recognised as hedging instruments is valued at fair value through other comprehensive income.



## Note 5 Financial instruments, cont

### Fair value measurement

#### Group

The Group uses observable data to the greatest possible extent when determining the fair value of an asset or liability. Fair values are categorised in different levels based on the input data used in the measurement approach, as per the following:

**Level 1)** Quoted prices (unadjusted) on active markets for identical instruments.

**Level 2)** Based on directly or indirectly observable market inputs 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 traded on markets that are not active, or other valuation techniques in which all important input data is directly or indirectly observable in the market.

**Level 3)** According to inputs that are not based on observable market data. This category includes all instruments for which the valuation technique is based on data that is not observable and has a substantial impact on the valuation.

### Fair value measurements, 30 Sep 2022

SEK m	Level 1	Level 2	Level 3	Total
Treasury bills and Treasury bonds	1,652	–	–	1,652
Bonds and other securities	3,327	–	–	3,327
Derivatives	–	338	–	338
<b>Total assets</b>	<b>4,979</b>			<b>5,317</b>
Derivatives	–	153	–	153
<b>Total liabilities</b>	<b>–</b>	<b>153</b>	<b>–</b>	<b>153</b>

### Fair value measurements, 30 Sep 2021

SEK m	Level 1	Level 2	Level 3	Total
Treasury bills and Treasury bonds	1,124	–	–	1,124
Bonds and other securities	3,376	–	–	3,376
Derivatives	–	96	–	96
<b>Total assets</b>	<b>4,500</b>	<b>96</b>	<b>–</b>	<b>4,596</b>
Derivatives	–	10	–	10
<b>Total liabilities</b>	<b>–</b>	<b>10</b>	<b>–</b>	<b>10</b>

### Fair value measurements, 31 Dec 2021

SEK m	Level 1	Level 2	Level 3	Total
Treasury bills and Treasury bonds	1,576	–	–	1,576
Bonds and other securities	3,502	–	–	3,502
Derivatives	–	76	–	76
<b>Total assets</b>	<b>5,078</b>	<b>76</b>	<b>–</b>	<b>5,154</b>
Derivatives	–	144	–	144
<b>Total liabilities</b>	<b>–</b>	<b>144</b>	<b>–</b>	<b>144</b>

## Note 6 Capital adequacy

The information in this Note includes information that is required to be disclosed pursuant to FFFS 2008:25, including applicable amendments, regarding annual reports for credit institutions and FFFS 2014:12, including applicable amendments, concerning supervisory requirements and capital buffers. The information refers to the Hoist Finance AB (publ) consolidated situation.

The Company's statutory capital requirements are determined primarily by Regulation (EU) No 575/2013 of the European Parliament and of the Council and the Capital Buffers Act (SFS 2014:966).

The difference between the consolidated accounts and the consolidated situation for capital adequacy purposes is as follows. Joint ventures are consolidated with the equity method in the consolidated accounts, whereas the proportional method is used for the consolidated situation.

Securitised assets are recognised in the consolidated accounts but are removed from the accounting records for the consolidated situation.

Hoist Finance's participating interest in the securitised assets is always covered.

### Transitional rules IFRS 9

After obtaining FSA approval, Hoist Finance has decided to apply the transitional rules regarding IFRS 9 for the period 30 April 2018 through 31 December 2022. Application of these transitional rules allow the gradual phase-in of expected credit losses to capital adequacy.

The impact on capital ratios and leverage ratio is insignificant.

### Internally assessed capital requirement

As per 30 September 2022 the internally assessed capital requirement was SEK 2,691m (SEK 3,340m as per 31 December 2021), of which SEK 421m (SEK 563m) was attributable to Pillar 2.

SEK m	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
<b>Available own funds (amounts)</b>					
1 Common Equity Tier 1 (CET1) capital	3,471	3,480	3,391	3,317	3,265
2 Tier 1 capital	4,578	4,586	4,497	4,423	4,372
3 Total capital	5,449	5,439	5,352	5,260	5,199
<b>Risk-weighted exposure amounts</b>					
4 Total risk exposure amount	28,376	36,234	34,236	34,710	33,390
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>					
5 Common Equity Tier 1 ratio (%)	12.23	9.6	9.9	9.56	9.78
6 Tier 1 ratio (%)	16.13	12.66	13.14	12.74	13.09
7 Total capital ratio (%)	19.20	15.01	15.63	15.16	15.57
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>					
EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0.00	0.00	0.00	0.00	0.00
EU 7b of which: to be made up of CET1 capital (percentage points)	0.00 pp	0.00 pp	0.00 pp	0.00 pp	0.00 pp
EU 7c of which: to be made up of Tier 1 capital (percentage points)	0.00 pp	0.00 pp	0.00 pp	0.00 pp	0.00 pp
EU 7d Total SREP own funds requirements (%)	8.00	8.00	8.00	8.00	8.00
<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>					
8 Capital conservation buffer (%)	2.5	2.50	2.50	2.50	2.50
EU 8a Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0	0.00	0.00	0.00	0.00
9 Institution specific countercyclical capital buffer (%)	0.03	0.00	0.00	0.00	0.00
EU 9a Systemic risk buffer (%)	0	0.00	0.00	0.00	0.00
10 Global Systemically Important Institution buffer (%)	0	0.00	0.00	0.00	0.00
EU 10a Other Systemically Important Institution buffer (%)	0	0.00	0.00	0.00	0.00
11 Combined buffer requirement (%)	2.53	2.50	2.50	2.50	2.50
EU 11a Overall capital requirements (%)	10.53	10.50	10.50	10.50	10.50
12 CET1 available after meeting the total SREP own funds requirements (%)	4.23	1.60	1.90	1.56	1.78
<b>Leverage ratio</b>					
13 Total exposure measure	31,671	30,694	30,903	31,003	30,397
14 Leverage ratio (%)	14.45	14.94	14.55	14.27	14.38
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>					
EU 14a Additional own funds requirements to address the risk of excessive leverage (%)	0.00	0.00	0.00	0.00	0.00
EU 14b of which: to be made up of CET1 capital (percentage points)	0.00 pp	0.00 pp	0.00 pp	0.00 pp	0.00 pp
EU 14c Total SREP leverage ratio requirements (%)	3.00	3.00	3.00	3.00	3.00
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>					
EU 14d Leverage ratio buffer requirement (%)	0.00	0.00	0.00	0.00	0.00
EU 14e Overall leverage ratio requirement (%)	3.00	3.00	3.00	3.00	3.00
<b>Liquidity Coverage Ratio</b>					
15 Total high-quality liquid assets (HQLA) (Weighted value - average)	4,314	4,328	4,735	4,758	5,153
EU 16a Cash outflows – Total weighted value	2,216	2,355	2,190	2,130	2,188
EU 16b Cash inflows – Total weighted value	2,221	2,341	2,280	2,106	2,132
16 Total net cash outflows (adjusted value)	595	630	556	541	556
17 Liquidity coverage ratio (%)	767	740	879	911	971
<b>Net Stable Funding Ratio</b>					
18 Total available stable funding	27,588	27,463	28,706	28,261	27,323
19 Total required stable funding	24,770	25,427	23,706	24,463	23,630
20 NSFR ratio (%)	111	108	121	116	116

## Note 7 Liquidity risk

This note provides information required to be disclosed under the provisions of FFFS 2010:7, including applicable amendments, regarding the management of liquidity risks in credit institutions and investment firms.

Liquidity risk is the risk of difficulties in obtaining funding, and thus not being able to meet payment obligations at maturity without a significant increase in the cost of obtaining means of payment.

Because the Group's revenues and expenses are relatively stable, liquidity risk is primarily associated with the Group's funding which is based on deposits from the public. By definition this way of funding has a risk of major outflows of deposits at short notice. The overall objective of the Group's liquidity management is to ensure that the Group maintains control over its liquidity risk situation, with sufficient funds in liquid assets or immediately saleable assets to ensure timely discharge of its payment obligations without incurring high additional costs.

Funding is mainly raised in the form of deposits from the public and through the capital markets through the issuance of senior unsecured debts, own funds instruments and equity. 47 per cent (40) of deposits from the public are payable on demand (current account – "flex"), while 53 per cent (60) of the Group's deposits from the public are locked into longer maturities (fixed-term deposits) ranging from one to five years. About 99 per cent of deposits are fully covered by the Swedish state deposit guarantee.

### Funding

SEK m	Hoist Finance consolidated situation		Hoist Finance AB (publ)	
	30 Sep 2022	31 Dec 2021	30 Sep 2022	31 Dec 2021
Current account deposits	8,585	7,137	8,585	7,137
Fixed-term deposits	9,614	11,031	9,614	11,031
Debt securities issued	5,476	5,059	4,982	4,605
Convertible debt instruments	1,106	1,106	1,106	1,106
Subordinated debts	871	837	871	837
Equity	4,164	3,835	3,676	3,483
Other	1,635	1,367	2,414	1,348
Liabilities held for sale	342	-	-	-
<b>Balance sheet total</b>	<b>31,793</b>	<b>30,373</b>	<b>31,247</b>	<b>29,547</b>

The Group's Treasury Policy specifies a limit and a target level for the amount of available liquidity and its nature. Available liquidity totalled SEK 6,754m (7,119) as per 30 September 2022, exceeding the limit and the target level by a significant margin.

Hoist Finance's liquidity reserve, presented below pursuant to the Swedish Banker's Association's template, primarily comprises bonds issued by the Swedish government and Swedish municipalities, as well as covered bonds.

### Liquidity reserve, Hoist Finance consolidated situation

SEK m	30 Sep 2022	31 Dec 2021
Cash and holdings in central banks	0	0
Deposits in other banks available overnight	1,775	2,041
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	1,138	1,063
Securities issued or guaranteed by municipalities or other public sector entities	514	513
Covered bonds	3,327	3,502
Securities issued by non-financial corporates	-	-
Securities issued by financial corporates	-	-
Other	-	-
<b>Total</b>	<b>6,754</b>	<b>7,119</b>

Hoist Finance has a liquidity contingency plan for managing liquidity risk. This identifies specific events that may trigger the contingency plan and require actions to be taken.

## Note 8 Pledges, contingent liabilities and commitments

SEK m	Group		Parent Company	
	30 Sep 2022	31 Dec 2021	30 Sep 2022	31 Dec 2021
Restricted bank balances	118	130	0	0
Acquired portfolios in the securitisation structures	927	737	-	-
<b>Pledged assets</b>	<b>1,044</b>	<b>799</b>	<b>0</b>	<b>0</b>
<b>Contingent liabilities</b>	<b>70</b>	<b>0</b>	<b>70</b>	<b>0</b>
Forward flow contracts	136		136	
Signed but not settled acquisitions	372	1,368	372	1,368
<b>Commitments</b>	<b>508</b>	<b>1,368</b>	<b>508</b>	<b>1,368</b>

Pledged assets in the Group pertain to restricted bank balances and a portion of the acquired loan portfolios in the Marathon SPV S.r.l. and Giove SPV S.r.l. securitisation structures pledged as security for bonds held by external investors.

The Group's commitments consist of forward flow contracts and portfolio acquisitions that are signed but not yet settled. In forward flow contracts, a pre-determined volume (fixed or range) of NPLs is acquired at a pre-defined price during a certain time period.

The Group's contingent liability is attributable to a VAT matter. The matter is being examined and Hoist estimates it may be 3-5 years before the court renders its decision. Hoist deems it most likely that it will prevail in the case, which is why no provision has been made.

## Note 9 Disposal group held for sale and Discontinued operations

Assets and liabilities in Hoist Finance's operations in the UK are comprised of assets and liabilities held for sale, and are a disposal group pursuant to IFRS 5 "Assets held for sale". The disposal group of operations in the UK is comprised of the following units:

- » Hoist Finance UK Limited
- » Hoist Finance UK Holding 1 Limited
- » Hoist Finance UK Holding 2 Limited
- » Hoist Finance UK Holding 3 Limited
- » Robinson Way Ltd.
- » C L Finance Ltd.
- » MKDP LLP

The divestment of the British operations to Lowell has been approved by the authorities and was finalised 25 October 2022. For further details, please see Subsequent events on page 9. on page 9.

### Assets and liabilities held for sale

SEK m	30 Sep 2022
<b>Assets</b>	
Lending to credit institutions	238
Acquired loan portfolios	3,716
Intangible fixed assets	3
Tangible fixed assets	10
Other assets	125
Deferred tax assets	70
Prepaid expenses and accrued income	19
<b>Total assets</b>	<b>4,181</b>
<b>Liabilities</b>	
Tax liabilities	17
Other liabilities	138
Deferred tax liabilities	26
Accrued expenses and prepaid income	69
Provisions	-
<b>Total liabilities</b>	<b>250</b>
Significant internal transactions with continuing operations, which are eliminated and excluded from the above balance sheet items*:	
<b>Total assets</b>	<b>1,031</b>
<b>Total liabilities</b>	<b>4,980</b>

Valuation of each disposal group at the lower of fair value, less sales costs, or carrying value has not prompted a write-down.

### Cashflow discontinued operations

SEK m	30 Sep 2022
Cashflow from operating activities	20
Cashflow from investing activities	0
Cashflow from financing activities	-
<b>Cashflow for the period</b>	<b>20</b>

### Income, expenses and profit/loss for discontinued operations

SEK m	Q3 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
Interest income acquired loan portfolios	131	152	413	474	619
Other interest income	0	0	0	0	0
Interest expense*	0	0	0	0	-1
<b>Net interest income</b>	<b>131</b>	<b>152</b>	<b>413</b>	<b>474</b>	<b>619</b>
Impairment gains and losses	-9	0	-15	-213	-269
Fee and commission income	0	1	0	1	1
Net result from financial transactions	0	0	0	0	0
Other operating income	0	0	0	2	2
<b>Total operating income</b>	<b>122</b>	<b>153</b>	<b>398</b>	<b>264</b>	<b>352</b>
Personnel expenses	-14	-39	-94	-116	-149
Collection expenses	-33	-29	-88	-84	-112
Administrative expenses	-19	-23	-67	-67	-88
Depreciation and amortisation of tangible and intangible assets	-2	-3	-7	-9	-11
<b>Total operating expenses</b>	<b>-68</b>	<b>-94</b>	<b>-256</b>	<b>-276</b>	<b>-360</b>
<b>Net operating profit</b>	<b>54</b>	<b>59</b>	<b>142</b>	<b>-12</b>	<b>-8</b>
<b>Profit/loss before income tax attributable to discontinued operations</b>	<b>54</b>	<b>59</b>	<b>142</b>	<b>-12</b>	<b>-8</b>
Income tax expense	2	1	10	42	55
<b>Net profit/loss attributable to discontinued operations</b>	<b>56</b>	<b>60</b>	<b>152</b>	<b>30</b>	<b>47</b>
Significant internal transactions with continuing operations, which are eliminated and excluded from the above income statement items*:					
<b>Total income;</b>	<b>21</b>	<b>2</b>	<b>27</b>	<b>5</b>	<b>6</b>
<b>Total expenses;</b>	<b>-73</b>	<b>-55</b>	<b>-172</b>	<b>-170</b>	<b>-222</b>
<b>Net profit/loss for the period attributable to discontinued operations incl internal transactions</b>	<b>4</b>	<b>7</b>	<b>7</b>	<b>-134</b>	<b>-169</b>

\*Only external income and expenses are included in profit/loss for continuing and discontinued operations. The discontinued operation has significant internal transactions with continuing operations, which are accordingly eliminated in the accounts. The operation in the UK is financed through internal borrowing from Group Treasury. Interest expense attributable to internal borrowing is eliminated in the accounts and is therefore not included above in net interest income.

As regards the operation in the UK, the hedging reserves and historical exchange rate effects included in the Group's equity will be realised in profit/loss upon the sale of the disposal group. As at December 2021, the amount to be realised in profit/loss from the Group's equity is SEK -232m net before tax.

In the Parent Company, shares in subsidiaries pertaining to the disposal of operations in the UK totalled SEK 335m.

# Assurance

The Board of Directors and the CEO hereby give their assurance that the interim report provide a true and fair view of the business activities, financial position and results of operations of the Group and the Parent Company, and describes the significant risks and uncertainties to which the Parent Company and Group companies are exposed.

Stockholm, 25 October 2022

**Bengt Edholm**  
Chairman of the Board

**Camilla Philipson Watz**  
Board member

**Christopher Rees**  
Board member

**Rickard Westlund**  
Board member

**Peter Zonabend**  
Board member

**Lars Wollung**  
Interim CEO and Board member

# Definitions – including Alternative Performance Measures

## Alternative performance measures

Alternative performance measures (APMs) are financial measures of past or future earnings trends, financial position or cash flow that are not defined in the applicable accounting regulatory framework (IFRS), in the Capital Requirements Directive (CRD IV), or in the EU's Capital Requirement Regulation number 575/2013 (CRR). APMs are used by Hoist Finance, along with other financial measures, when relevant for monitoring and describing the financial situation and for providing additional useful information to users of the financial statements. These measures are not directly comparable with similar performance measures that are presented by other companies. C/I ratio, Return on equity, and Cash EBITDA are alternative performance measures that provide information on Hoist Finance's profitability. "Estimated Remaining Collections" is Hoist Finance's estimate of the gross amount that can be collected on acquired loan portfolios. Definitions of alternative performance measures and other key figures are presented below. The financial fact book, available on [hoistfinance.com/investors/financial-information](https://hoistfinance.com/investors/financial-information), provides details on the calculation of key figures.

As from 2022, based on a review conducted in conjunction with work to clarify the Company's operations, Hoist Finance has chosen to adjust the financial measures that are presented. Accordingly, "Collection performance" is no longer monitored and greater focus is placed on "Cash EBITDA" (formerly "EBITDA, adjusted") and Return on equity to describe the financial situation.

## Performance measures according to IFRS and other legislation

### Average number of employees

Average number of employees during the year converted to full-time posts (FTEs). The calculation is based on the total average number of FTEs per month divided by the year's twelve months.

### Basic earnings per share

Net profit for the year, adjusted for interest on capital instruments recorded in equity, divided by the weighted average number of outstanding shares.

### Diluted earnings per share

Net profit for the year, adjusted for interest on capital instruments recorded in equity, divided by the weighted average number of outstanding shares after full dilution.

### Return on assets (only presented yearly in accordance with FFFS 2008:25)

Net result for the year as a percentage of total assets at the end of the year.

### Weighted average number of shares outstanding

Weighted number of shares outstanding plus potential dilutive effect of warrants outstanding.

## Alternative Performance Measures

### Acquired loan portfolios

An acquired loan portfolio consists of a number of defaulted consumer loans or debts and SME loans that arise from the same originator.

### Cash EBITDA

EBIT (operating earnings), less depreciation and amortization ("EBITDA") adjusted for net of collections and interest income from acquired loan portfolios.

### C/I ratio

Total operating expenses in relation to Total operating income and Share of profit from joint ventures.

### Direct contribution

Direct contribution is the sum of total operating income minus direct costs directly attributable to each business line.

### Fee and commission income

Fees for providing debt management services to third parties.

### Gross 180-months ERC

"Estimated Remaining Collections" – the company's estimate of the gross amount that can be collected on the loan portfolios currently owned by the company. The assessment is based on estimates for each loan portfolio and extends from the following month through the coming 180 months. The estimate for each loan portfolio is based on the company's extensive experience in processing and collecting over the portfolio's entire economic life.

### Internal funding

The internal funding cost is determined per portfolio applying the following monthly interest rate:  $(1 + \text{annual interest})^{(1/12)} - 1$ .

### Items affecting comparability

Items that interfere with comparison due to the irregularity of their occurrence and/or size as compared with other items.

### Legal collection

Legal collections relate to the cash received following the initiation of Hoist Finance's litigation process. This process assesses customers' solvency and follows regulatory and legal requirements.

### Portfolio acquisitions

Acquired loan portfolios during the period that consists of defaulted and non-defaulted consumer loans and SME loans.

### Portfolio revaluation

Changes in the portfolio value based on revised estimated remaining collections for the portfolio.

### Return on equity

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 year based on a quarterly basis.

## Definitions – According to the EU Capital Requirements Regulation no 575/2013 (CRR)

### Additional Tier 1 capital

Capital instruments and associated share premium reserves that fulfil the requirements of Regulation (EU) 575/2013 of the European Parliament and the Council and that may accordingly be included in the Tier 1 capital.

### Capital requirements – Pillar 1

Minimum capital requirements for credit risk, market risk and operational risk.

### Capital requirements – Pillar 2

Capital requirements beyond those stipulated in Pillar 1.

### Common Equity Tier 1

Capital instruments and associated share premium reserves that fulfil the requirements of Regulation (EU) 575/2013 of the European Parliament and the Council, and other equity items that may be included in CET1 capital, less regulatory dividend deduction and deductions for items such as goodwill and deferred tax assets.

### Common Equity Tier 1 ratio

Common Equity Tier 1 in relation to total risk exposure amount.

### Leverage ratio

An institution's total exposure measure in relation to Tier 1 capital.

### Liquidity coverage ratio (LCR)

A mandatory requirement for banks within the EU, whereby an institution must hold a sufficiently large buffer of liquid assets to be able to withstand actual and simulated cash outflows for a period of 30 days while experiencing heavy liquidity stress.

### Liquidity reserve

Hoist Finance's liquidity reserve is a reserve of high-quality liquid assets which is used to carry out planned acquisitions of loan portfolios and to secure the Company's short term capacity to meet payment obligations in the event of lost or impaired access to regularly available funding sources.

### Net stable funding ratio (NSFR)

Measures an institution's amount of available stable funding to cover its required stable funding under normal and stressed conditions in a one-year perspective.

### Own funds

Sum of Tier 1 capital and Tier 2 capital.

### Risk-weighted exposure amount

The risk weight of each exposure multiplied by the exposure amount.

### Tier 1 capital

The sum of CET1 capital and AT1 capital.

### Tier 1 capital ratio

Tier 1 capital as a percentage of the total risk exposure amount.

### Tier 2 capital

Capital instruments and associated share premium reserves that fulfil the requirements of Regulation (EU) 575/2013 of the European Parliament and the Council and that may accordingly be included in the funds.

### Total capital ratio

Own funds as a percentage of the total risk exposure amount.

## Non-Financial Definitions

### Non-performing loans (NPLs)

A loan that is deemed to cause probable credit losses including individually assessed impaired loans, portfolio assessed loans past due more than 60 days and restructured portfolio assessed loans. Hoist Finance primarily purchases loans that are credit-impaired on initial recognition.

### Number of employees (FTEs)

Number of employees at the end of the period converted to full-time posts (FTEs).

### SME

A company that employs fewer than 250 people and has either annual turnover of EUR 50m or less or a balance sheet total of EUR 43m or less.





## About Hoist Finance

Hoist Finance is a trusted debt resolution partner to individuals, companies and banks in eleven European countries. With more than 1,700 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, Germany and the UK enables our unique funding model. Hoist Finance was founded in 1994 and is today a public company listed on Nasdaq Stockholm.

For more information, please visit [hoistfinance.com](https://hoistfinance.com).

## Third quarter 2022 presentation

A combined presentation and teleconference will be held on 26 October at 10:30 AM (CEST). The presentation will be held in English and broadcast live at: <https://ir.financialhearings.com/hoist-finance-q3-2022>

Dial-in numbers for the conference call:

SE: +46850516386

UK +442031984884

US: +14123176300

Pin code: 9488106#

Additional financial information and pillar 3 disclosures are available in Hoist Finance Fact Book which is published quarterly on <https://www.hoistfinance.com/investors/>

*Every care has been taken in the translation of this report. In the event of any discrepancy, the Swedish original will supersede the English translation.*

## Financial calendar

Year-end report 2022	8 February 2023
Annual report 2022	16 March 2023
Annual General Meeting 2022	10 May 2023
Interim report Q1 2023	4 May 2023
Interim report Q2 2023	28 July 2023
Interim report Q3 2023	1 November 2023
Year-end report 2023	7 February 2024

## Contact

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The interim report and investor presentation are available at [www.hoistfinance.com](https://www.hoistfinance.com)

Hoist Finance AB (publ) (the "Company" or the "Parent") is the parent company of the Hoist Finance group of companies ("Hoist Finance"). The company is a regulated credit market company. Hence, Hoist Finance produces financial statements in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies.

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