



A Leading European NPL Asset Manager

Debt Investor Presentation

February 2025



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Agenda

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



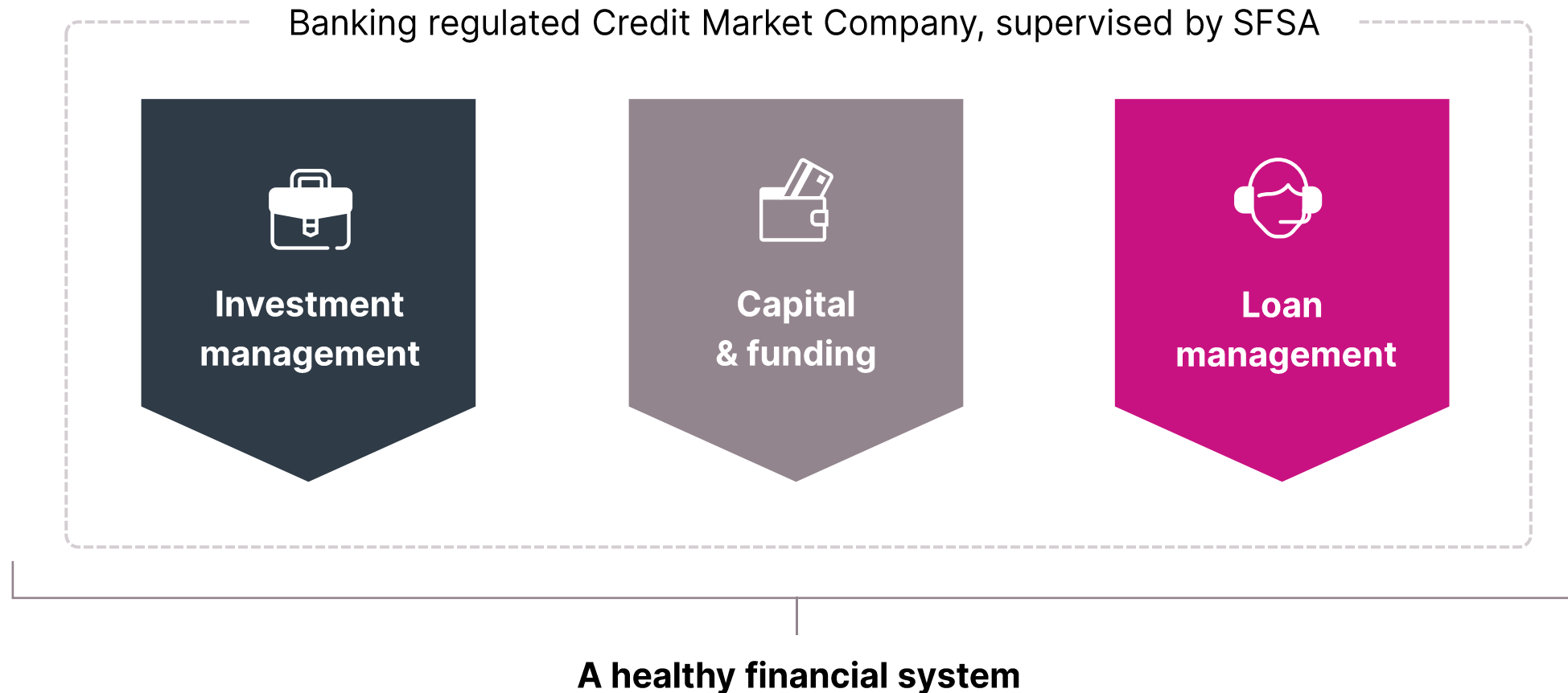
Hoist Finance

An asset manager specialised in European Non-Performing Loans

- » Hoist Finance, rated Baa2/stable by Moody's, specialises in Non-Performing Loans (NPLs). We aim to become Europe's leading NPL asset manager for secured and unsecured consumer and SME debt. Our purpose is to contribute to a financially healthy and resilient Europe by supporting banks and consumers.
- » We partner with European banks and financial institutions to help them reduce complexity, costs, and required capital, allowing them to focus on new financing essential for societal growth. With over 25 years of experience, we offer extensive debt restructuring solutions and operate in 13 markets across Europe.
- » We are also a partner to individuals and SMEs with defaulted debt. As a specialised debt restructuring, we help resolve our customers debt situations and get them back on track financially. This is how we support financial inclusion.
- » We believe that we serve our stakeholders and the wider society best by being regulated by the same, high regulatory standards as our partner banks. This is why we are a regulated credit market institute. Consequently, we are organised like a bank with three lines of defense; including legal, finance, risk, compliance, security, and internal audit group functions.
- » Our investment portfolio, currently at SEK 30.7 bn, consists mainly of consumer debt and is highly granular and diversified across countries and maturities, ensuring stability and predictability.
- » We manage our collections locally and in-house to maintain control and uphold high standards of customer care, ethics and compliance. We own all data, enabling us to continuously improve our investment processes with continuous input for our valuation models. Operational collection can be conducted inhouse or through third parties, making our model flexible.



A leading European asset manager of unsecured and secured Non-Performing consumer Loan portfolios



Hoist Finance in numbers

Full-Year 2024

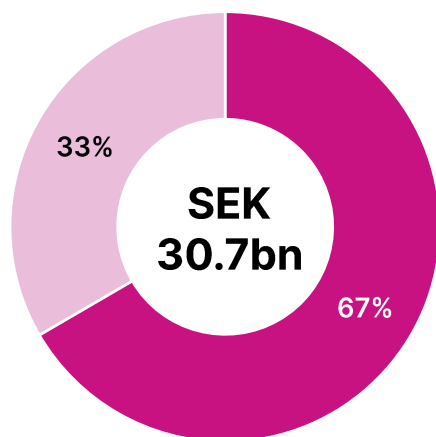
+25	Years of experience	13	European markets
1,102	FTEs	16.8%	Return on equity 2024
30.70	SEKbn, total portfolio	10.8	SEKbn, acquired loan portfolios during 2024
Baa2/ Stable	Rating, Moody's	11.48%	CET1 ratio
17.70%	Total capital ratio	10.1	SEK, earnings per share

Pan-European presence



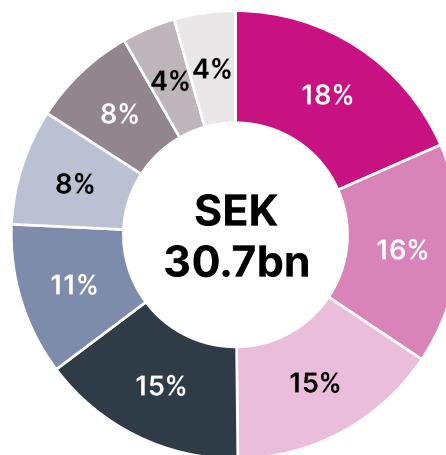
Q4 asset class mix

Investment portfolio



■ Unsecured ■ Secured

Investment Portfolio



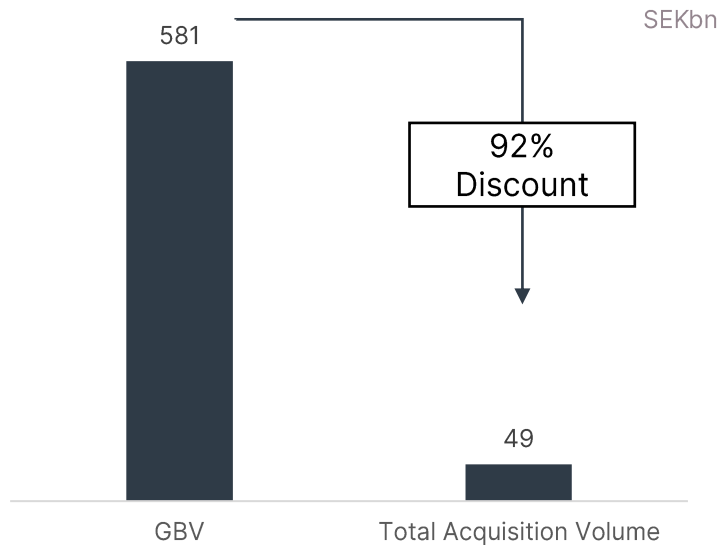
■ Italy ■ Spain ■ Poland
 ■ Germany ■ France ■ Greece
 ■ UK ■ Sweden ■ BeNe+other

- » Asset and geographical diversification
- » Geographical market expansion into Portugal
- » Sound portfolio risk profile generating positive collection performance

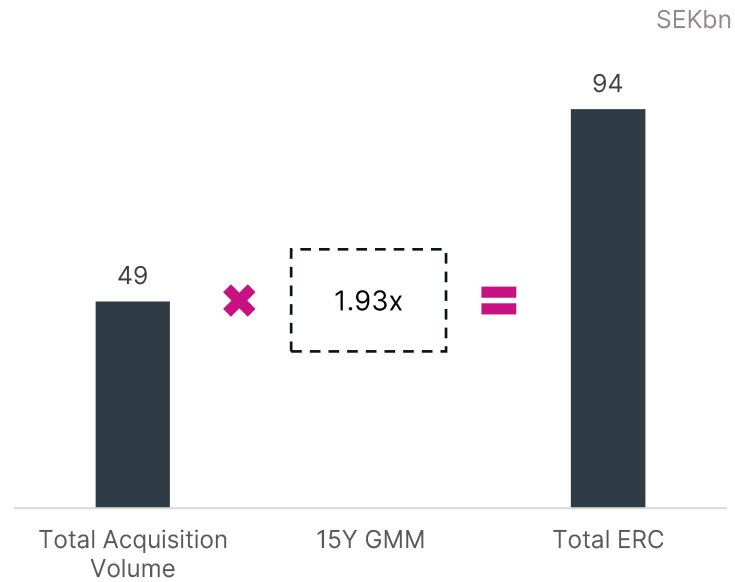
Active risk management

Hoist Finance is using pricing to de-risk portfolios to drive borrower relief and stable financial performance

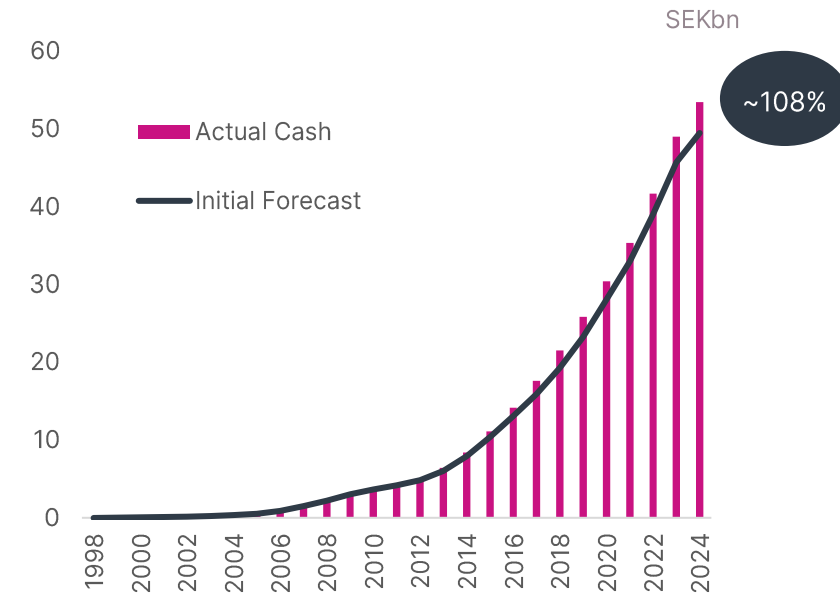
De-risking NPLs ¹



Gross Money Multiple



Stable & predictable performance

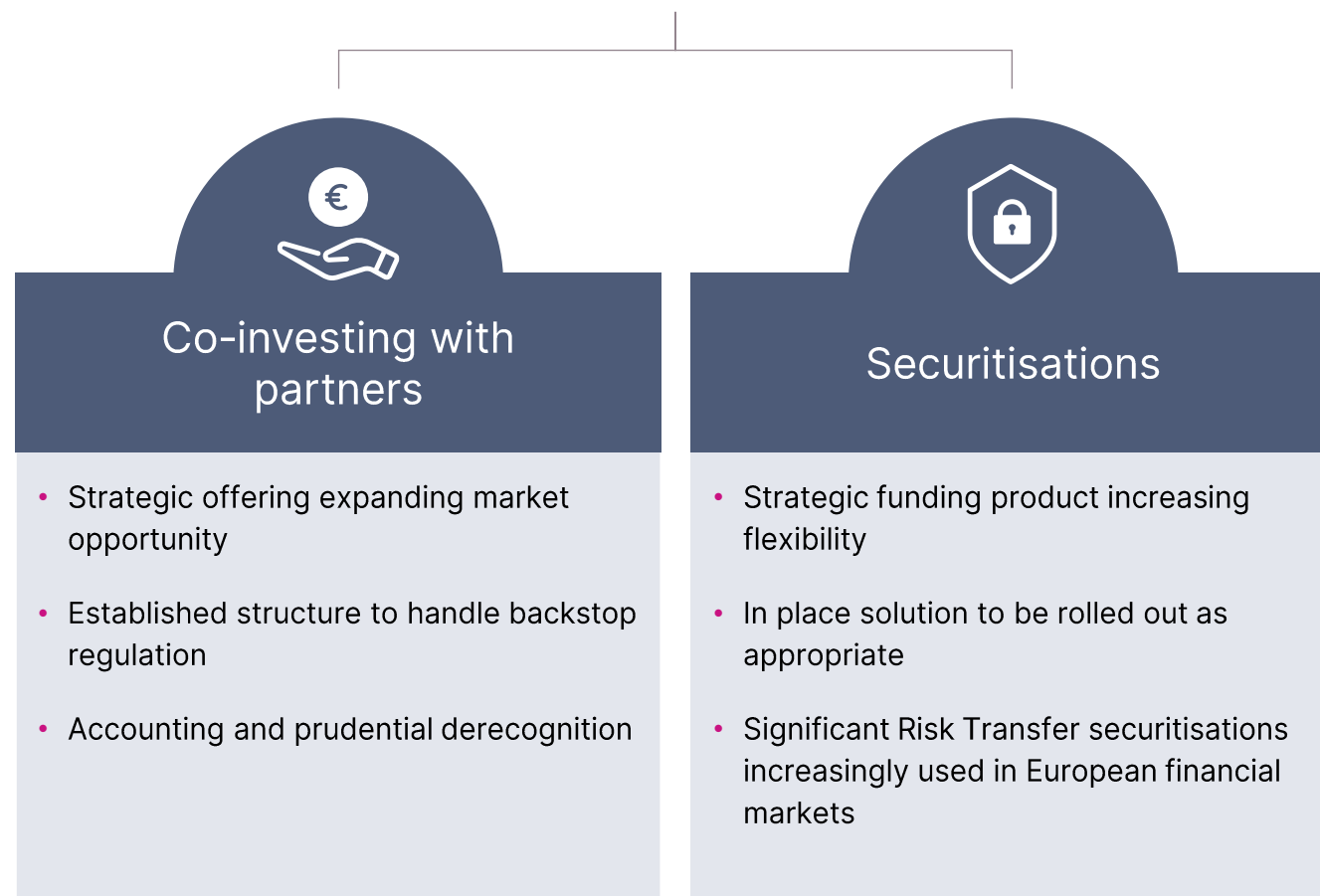


1. Graph illustrates NPLs acquisition value (Gross book value "GBV") since origination and purchase price spent by Hoist. It gives an understanding of the extent of de-risking of these assets is achieved during a transaction at arms' length.

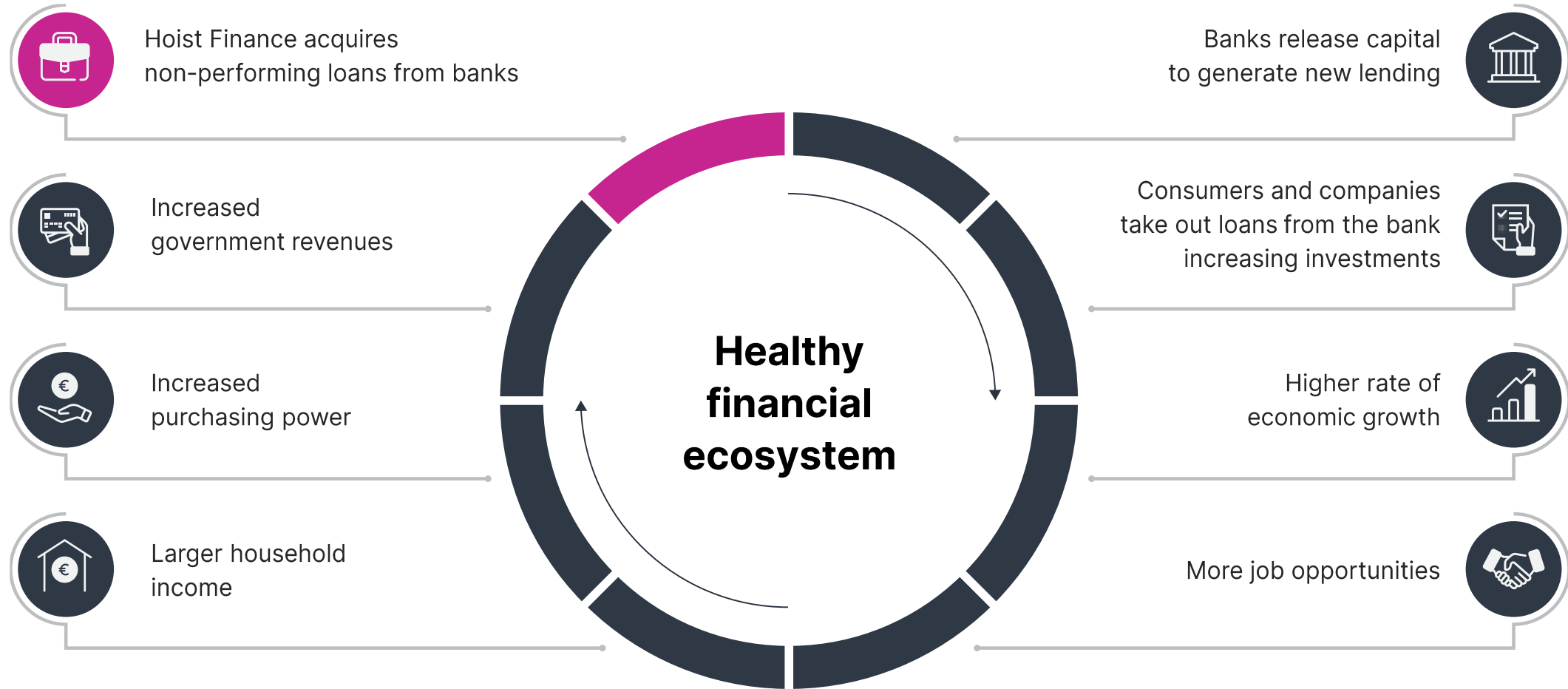
Continued strategic attractiveness of SDR

- Hoist Finance intends to leverage SDR as long-term strategic solution for backstop derogation
- Investing with strategic partners further expands our investable market
- Co-investments and securitisation provide additional tools to manage the backstop until SDR notification
- Financial target of ROE 15%+ and growth ambition of SEK36bn end 2026 not impacted

Co-investments and securitisation provide strategic and financial flexibility



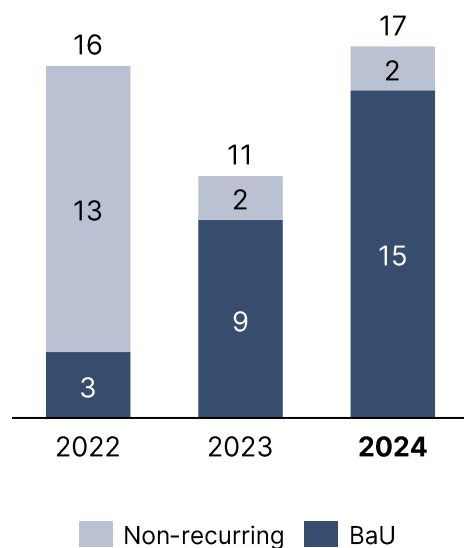
We contribute to a healthy financial system



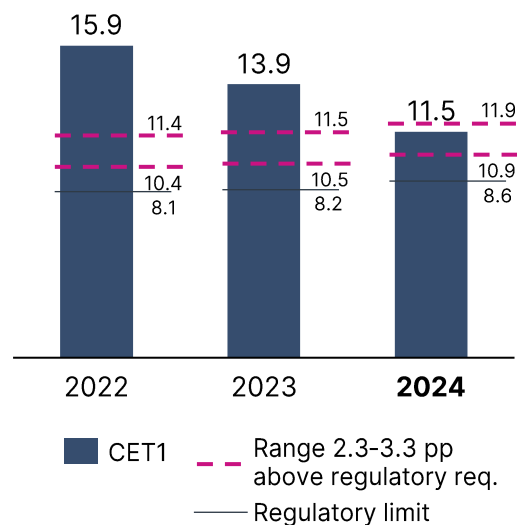
Follow-up on financial targets



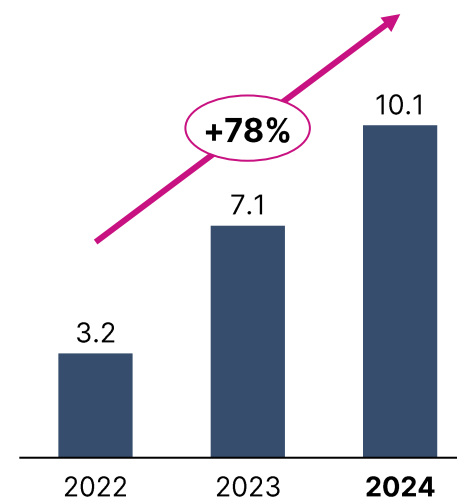
RoE >15%



CET1 2.3–3.3 pp above regulatory CET1 req.



EPS annual growth rate of 15%



Dividend policy at 25-30 per cent of net profit

DPS 2024: SEK 2





The dividend will be determined annually, with respect to the company's capital target and the outlook for profitable growth.

Sustainability & ESG at Hoist Finance

- » Hoist Finance’s sustainability strategy is integrated into our business strategy. We contribute to a stable European banking system, support individuals in debt default to come back into the financial system and promote a sound and sustainable financial situation among European households and individuals.
 - In Investment Management, we buy NPL-portfolios from European banks and financial institutions, supporting these to free-up capital, take down costs, and reduce risks. This allow the banks to focus on new lending which is key for wider societal growth.
 - In Loan Management, we in close collaboration with our customers reconstruct consumer debt in default, supporting individuals and SMEs to find a way back into the financial system.
 - In Capital and Funding, we have our savings offering, where we offer private individuals in seven European countries to opportunity save up to c. SEK 1m at competitive interest rates.

- » Our material sustainability impacts, presented on the right-hand side, are embedded into our four strategic pillars, each connected to indicators and targets that track our performance.

Our four strategic pillars and material topics

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

Our contribution to the SDGs:



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- » **Market update**
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Market outlook: multiplied growth opportunities

Regulation

- EBA implemented a "prudential backstop" regulation for minimum loss coverage of NPLs in 2019
- NPL backstop will make it more difficult for banks to hold on to NPLs for a longer period post termination
- NPL regulation has increased (e.g. NPL directive)

Availability of funding

- Euribor has increased by ~450bps since 2022 and cost of debt for NPL buyers has increased
- Hoist Finance has a competitive funding advantage with its deposit-based funding platform

Growth of the secondary market

- ~€600bn of NPLs has transferred from the primary market into the secondary market since 2014
- Typical fund life cycle is 5 years (Hoist has good relationships with funds that sell)
- There is an ongoing repositioning of numerous players to a capital light model



NPL Stock

- Gross NPL stock in Hoist Finance's markets is ~€370bn (80% of which relates to France, Italy, Germany and Spain)
- Banks continue to have elevated levels of stage 2 loans at €1,900bn

NPL Ratios (ref) & outlook

- NPL Ratio has reduced from a peak of ~7% in 2014 to a low of 1.8% in 2022
- Since 2024 NPL ratio has begun to increase (+5%), showing signs of potential stress in bank's balance sheets

Investable market

- Of the ~€370bn NPLs present in Hoist markets, 2/3 fall within our investment appetite: €79bn unsecured NPLs, €63bn secured NPLs and €110bn for SMEs NPLs
- Hoist on average invests less than 0.5% p.a. of the current investible primary NPL stock. There is ample room for Hoist to invest and grow in the current market

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Key highlights Q4

- Profit before tax amounted to SEK 281m, compared to SEK 257m in the same quarter last year. Underlying profit before tax amounted to SEK 336m vs SEK 237m
- Return on equity amounted to 15.5%, compared to 11.4% in the same quarter last year
- Investments in new portfolios at SEK 1.9bn in the quarter, resulting in a total investment portfolio of SEK 30.7bn at the end of the quarter
- Acquired the first portfolio in Portugal, opening Hoist Finance 13th market
- Strong collection performance of 106% across the markets, compared to 105% in the same quarter last year
- Total investment portfolio growth of 26%, driving net interest income growth of 36%
- Sale of the Spanish unsecured portfolio at book value, with associated restructuring costs of SEK 42m
- Sale of the third-party servicing unit in Spoleto, Italy. Hoist Finance no longer has any third-party servicing business
- Issued senior unsecured bonds totalling SEK 1bn in two tranches at an increasingly tightening credit spread. Issued senior non-preferred bonds of SEK 700m
- Postponed notification as Specialised Debt Restructurer (SDR) due to regulatory uncertainty, expect clarifications from the regulators after summer. In the meantime, Hoist Finance continue as before with focus on profitable growth
- The Board of Directors proposes a dividend of SEK 2 per share

SEK
30,704m Investment portfolio value

15.5% RoE

SEK 2.56 EPS

11.48% CET1 ratio

Key highlights - full year

- Profit before tax amounted to SEK 1.3bn, compared to SEK 0.8bn
- Return on equity amounted to 16.8%, compared to 11.1% in 2023
- Investment volume at SEK 10.8bn, compared to SEK 7.1bn last year
- Net investment portfolio growth of 26% (divested book value ~ SEK 0.6bn)
- Additional co-investment partnerships signed, giving Hoist Finance strong prerequisites for continued growth
- Continued strong collection performance of 105%
- Total operating income at SEK 4.4bn vs. SEK 3.5bn last year, a 26% increase
- Insourcing of IT completed resulting in annual cost savings of SEK 40m per year
- Moody's Investors Service upgraded Hoist Finance' credit rating to Baa2, from Baa3
- Issued a total of SEK 4.2bn bonds in the Swedish primary market
- Two share repurchase programmes completed, with a total of 3,432,391 shares repurchased
- Strong capital and liquidity position, above regulatory requirements with a CET1 ratio of 11.48% (13.89%)
- Earnings per share of SEK 10.1 (7.1)
- Built up the liquidity reserve to reach >130% NSFR, in line with the SDR-requirement. By end of 2024, NSFR of 154% and >1,000% LCR

SEK
30,704m Investment portfolio value

16.8% RoE

SEK 10.1 EPS

11.48% CET1 ratio

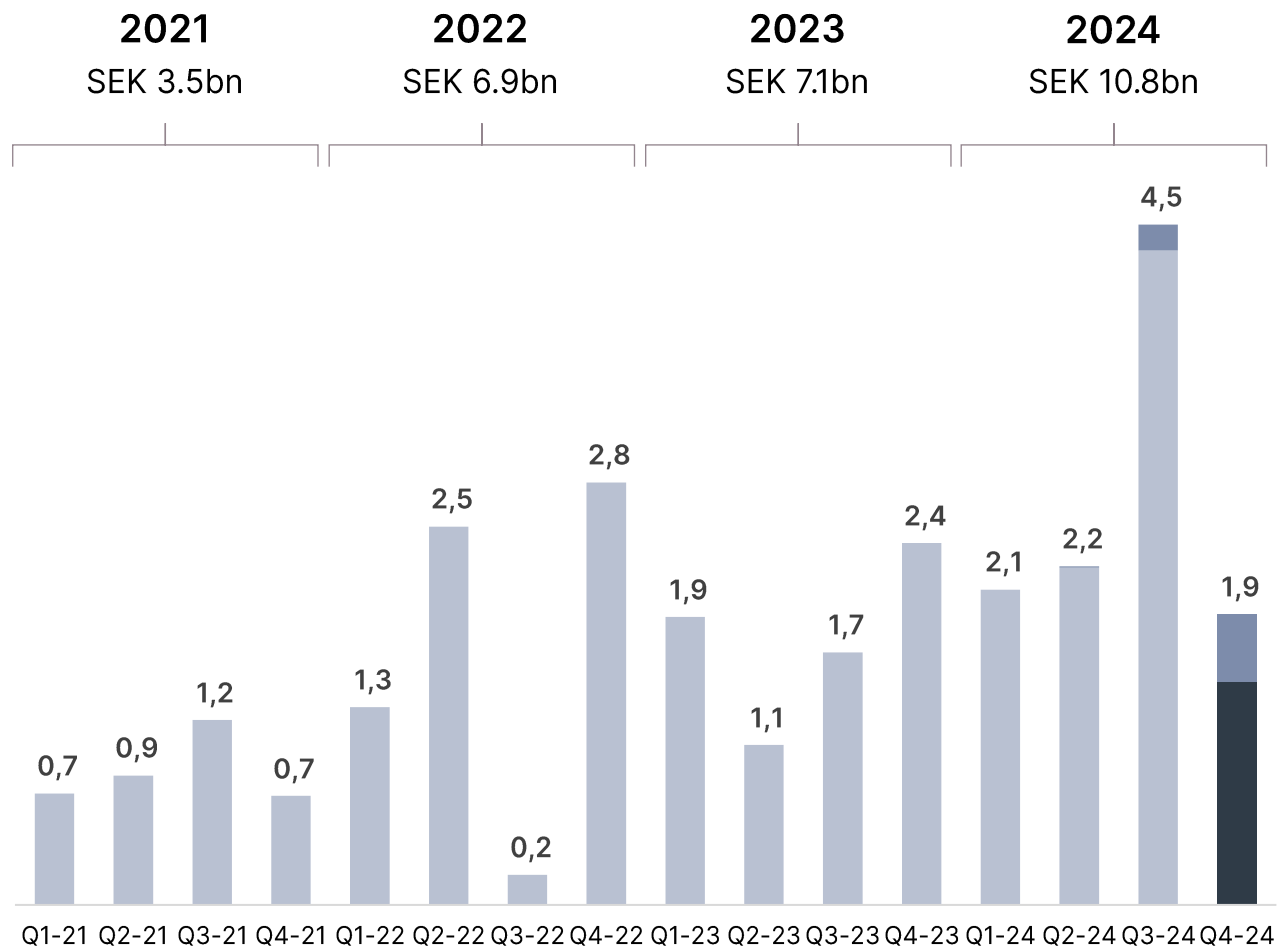
Q4 Financial summary

SEKm	Quarter 4 2024	Quarter 4 2023	Change
Interest income	1,268	941	35%
Other interest income	207	47	>100%
Interest expense	-478	-253	89%
Net interest income	997	735	36%
Other income (including impairments)	162	125	44%
Net result from financial transactions	-29	40	<-100%
Total operating income	1,130	926	22%
Total operating expenses	-856	-694	23%
Share of profit from joint ventures	6	26	-78%
Profit before tax	281	257	9%
Tax	-33	-84	-61%
Net Profit	248	173	43%

Key ratios	Quarter 4 2024	Quarter 4 2023	Change
Return on Equity	15%	11%	
Investment volumes	1,928	2,365	-18%
Investment portfolio	30,704	24,288	26%

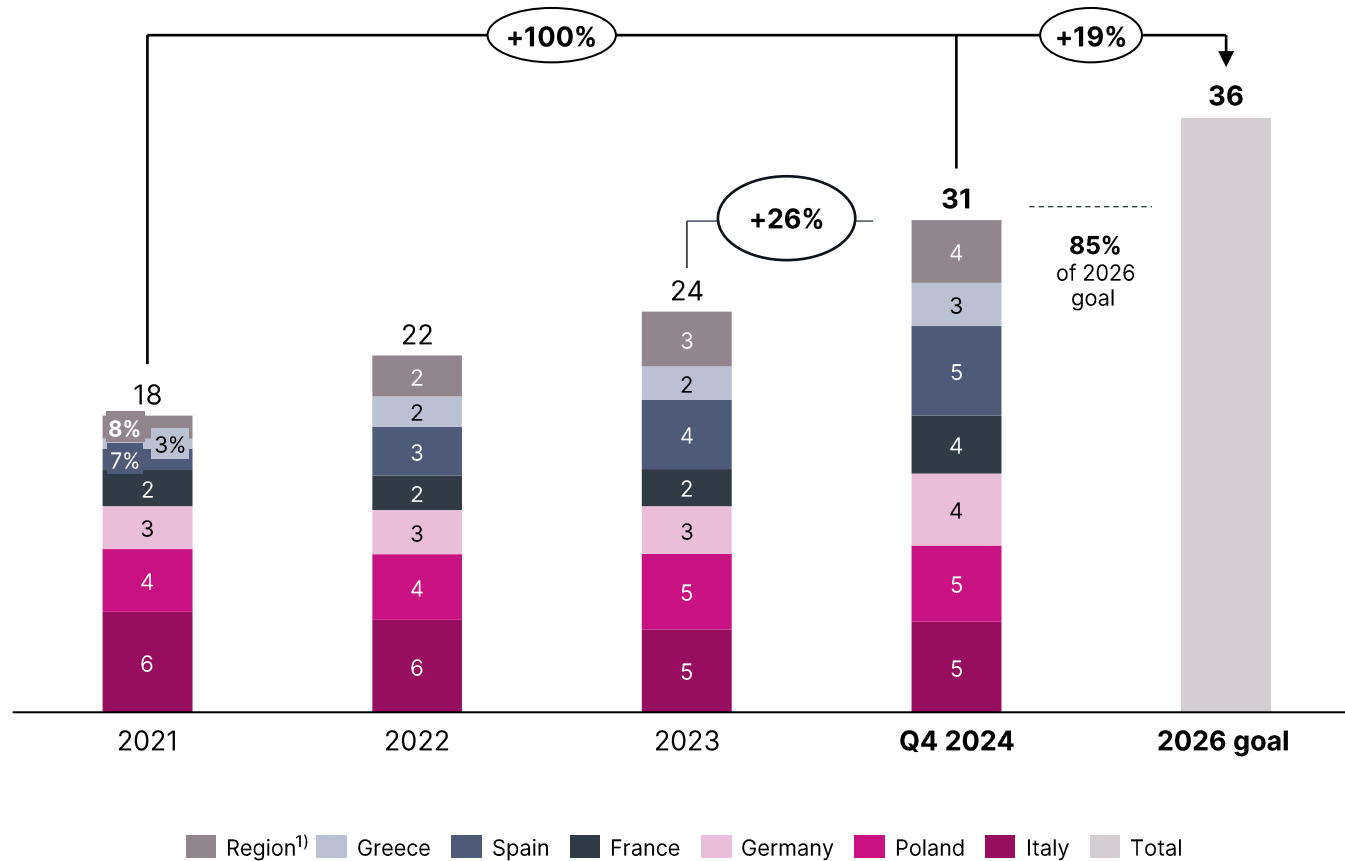
- » Continued strong growth
- » Supportive market pricing
- » Collection performance of 106%
- » Underlying profit in 2024 is SEK 336m (SEK 237m), an increase of 42%, adjusted for
 - 2023 income associated with currency gains SEK 40m
 - 2023 one-time costs of SEK 20m
 - 2024 one-time costs of SEK 56m (Spain SEK 42m)

Investment volumes



- » Record investment year
- » Supportive repricing continuing
- » Historically high risk-adjusted returns
- » Co-investments part of our growth strategy

Investment portfolio

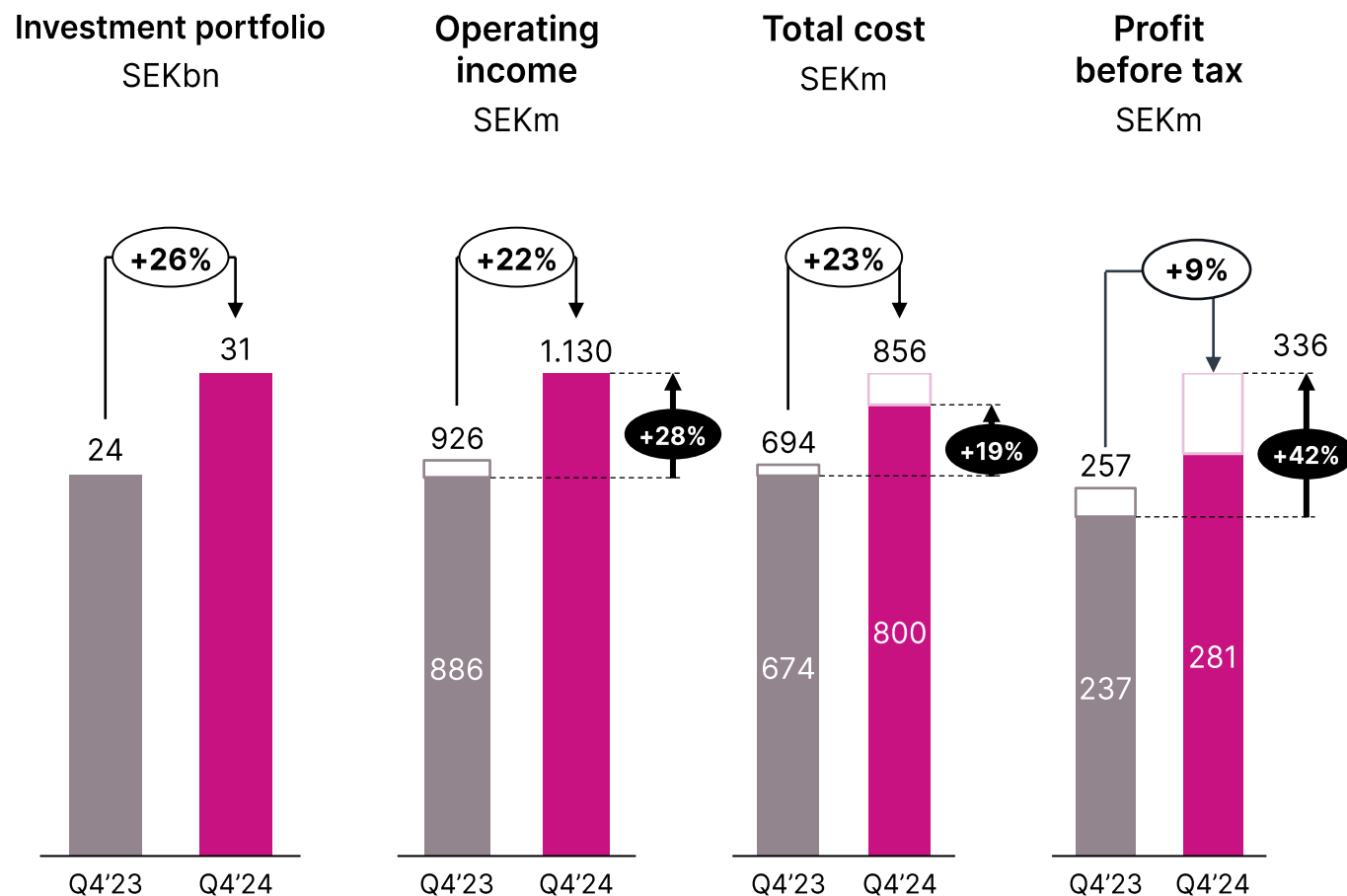


- » Growth on track to achieve long-term target
- » Co-investments and increased market coverage expanding investment opportunity
- » Supportive market dynamics
- » Funding model competitive edge

1) Region includes Netherlands, Belgium, UK, Sweden, Cyprus, Portugal

Operating leverage development

Q4 to Q4



- » Investment portfolio growth at 26%
- » Strong collection performance
- » Scale benefits evident
- » Cost control and stable indirect cost base leveraging underlying profit growth
- » Adjusting for one-time items, underlying profit before tax increased by 42%

Non recurring items;
 2023 = currency gains SEK 40m, one-time costs SEK 20m
 2024 = one-time costs SEK 56m

2024 P&L full year

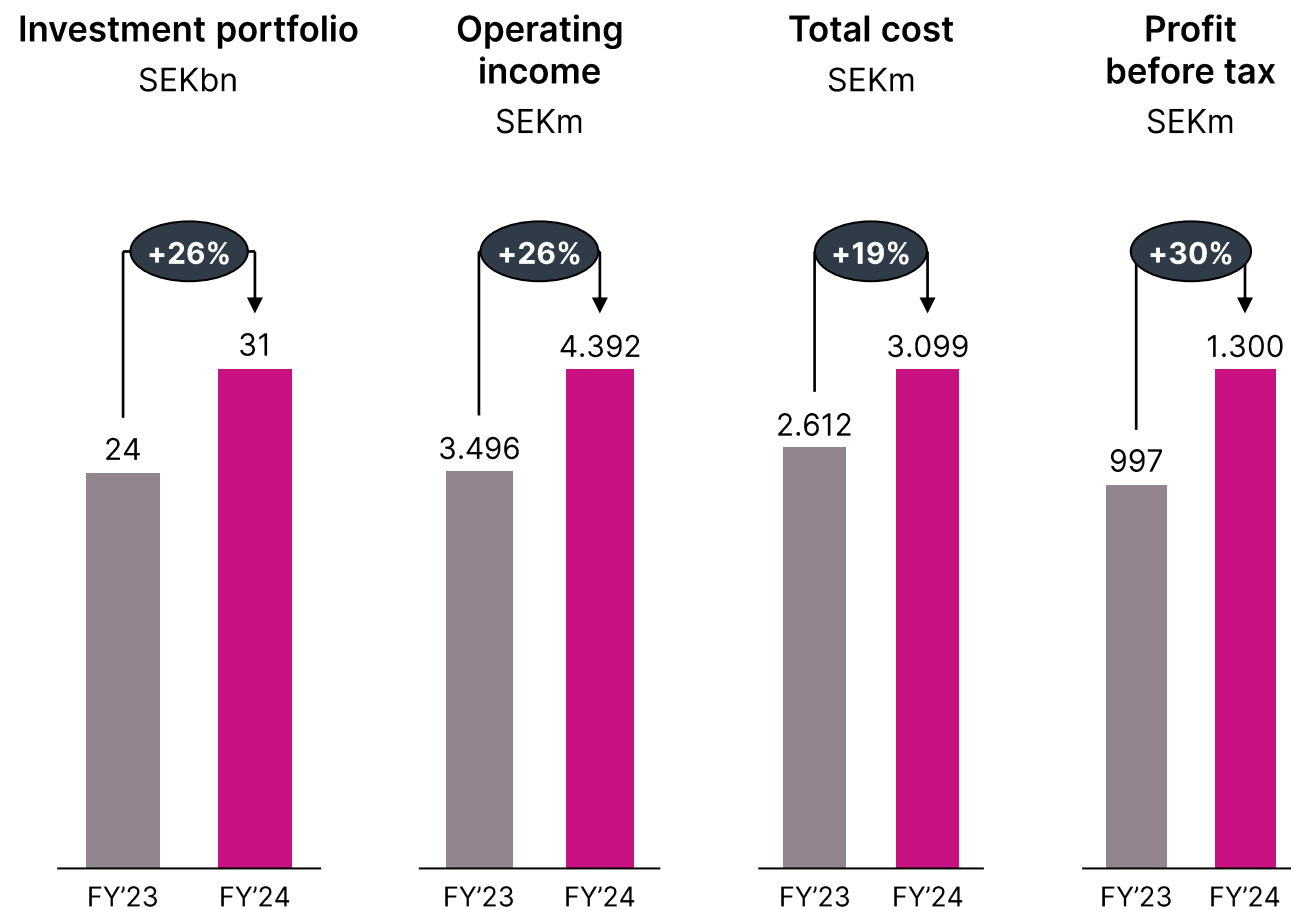
vs prior year

SEKm	2024	2023	Change
Interest income acquired loan portfolios	4,523	3,469	30%
Other interest income	472	177	>100%
Interest expense	-1,428	-829	72%
Net interest income	3,567	2,817	27%
Total impairment gains & losses	527	357	48%
Other income	295	206	43%
Net result from financial transactions	4	117	-96%
Total operating income	4,392	3,496	26%
Direct	-1,919	-1,593	20%
Indirect	-1,180	-1,019	16%
Total operating expenses	-3,099	-2,612	19%
Profit from shares and participations in associates	7	114	-94%
Profit before rejuvenation costs	1,300	997	30%
Rejuvenation costs		-151	-100%
Profit before tax	1,300	846	54%
Income tax	-287	-183	56%
Net profit	1,013	663	53%

Key ratios	2024	2023	Change
Reported RoE, %	17%	11%	
Investment volumes	10,772	7,089	+52%
Investment portfolio	30,704	24,288	+26%

- » Record investment year
- » Strong growth and repricing
- » Collection performance at 105% full year
- » Operating leverage and cost discipline boosting profit growth
- » Full year 2024 effective tax rate of 22%
- » ROE beating return target

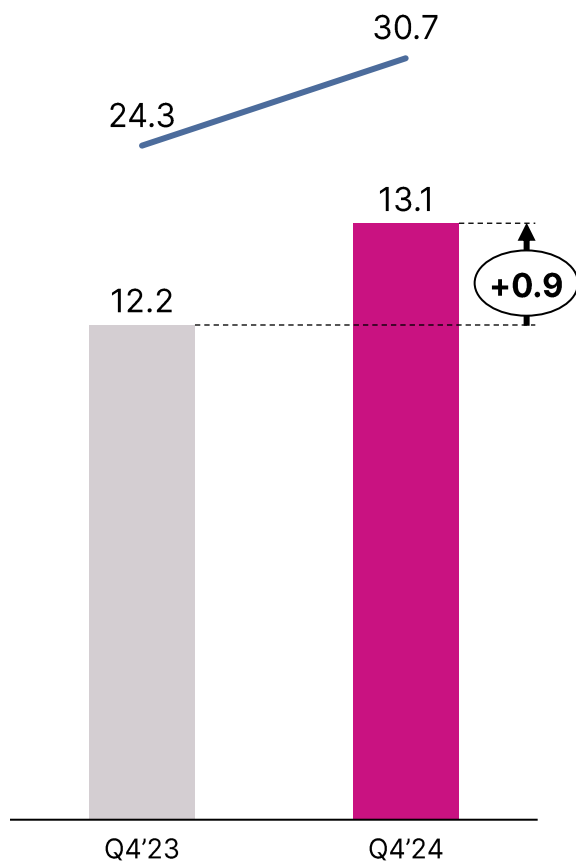
Operating leverage development (2024 vs PY)



- » Strong growth at right price and risk
- » Healthy portfolio driving operating income
- » Cost control and scale benefits boosting profits

* Excludes 2023 rejuvenation costs (SEK 151m)

Net Interest income margin

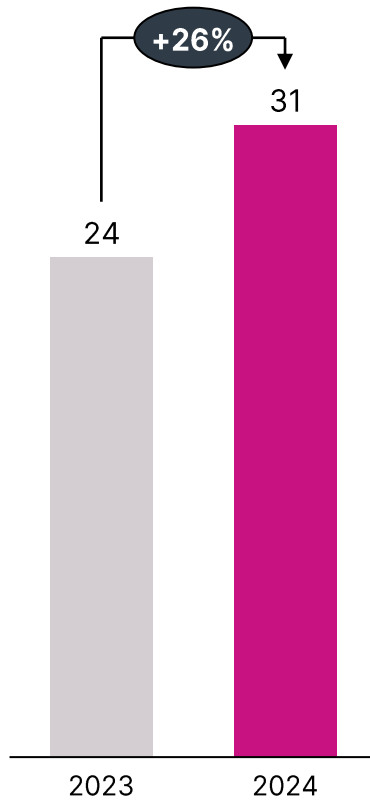


— Investment Portfolio, SEKbn
 ■ Net interest margin, %

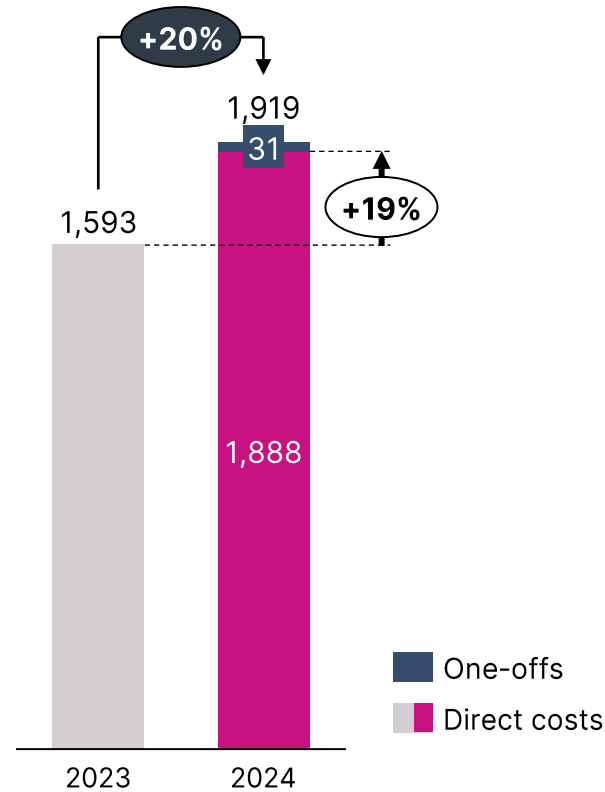
- » Material net interest income margin expansion
- » Strong growth at right price and risk
- » Accretive market prices

Direct costs

Investment portfolio
SEKbn

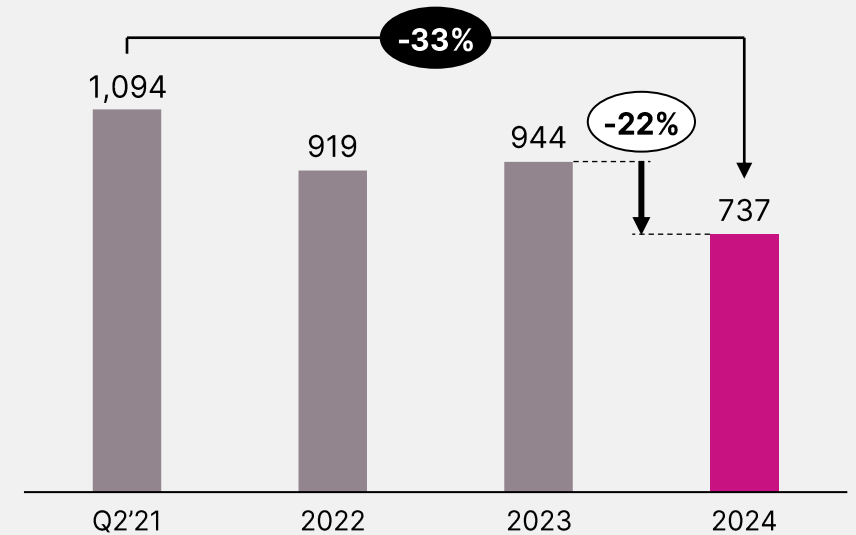


Direct costs
SEKm



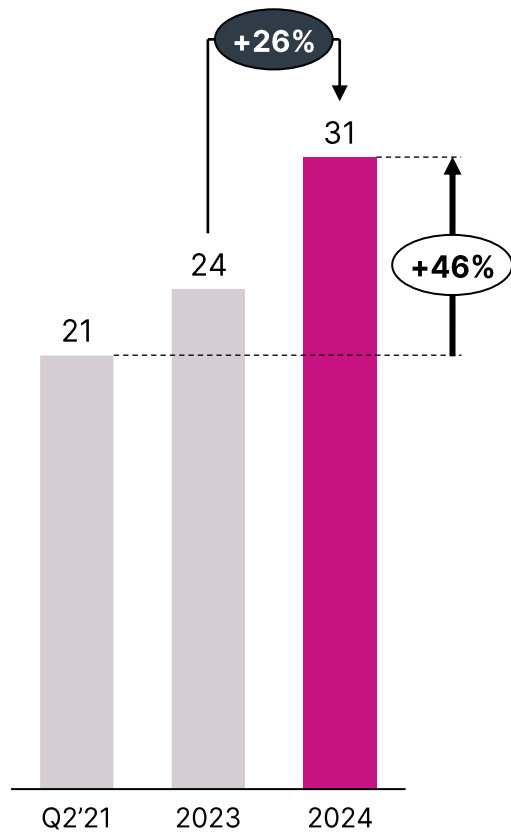
- Higher growth in investment portfolio than direct costs
- Continuous improvements / restructuring across several markets (sale of 3PC, Spanish unsecured operations, BeNe model)
- Continued large reduction in direct FTEs

Direct FTEs

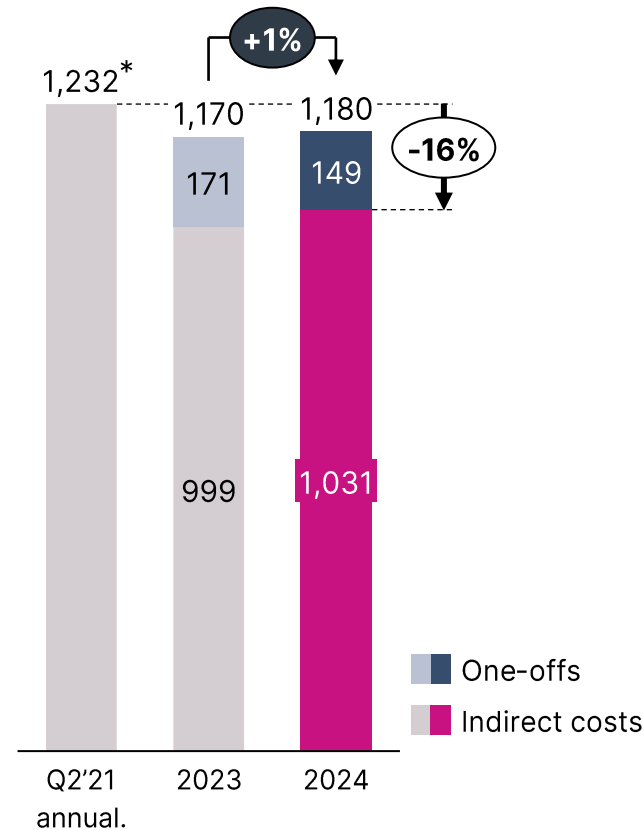


Indirect costs

Investment portfolio
SEKbn



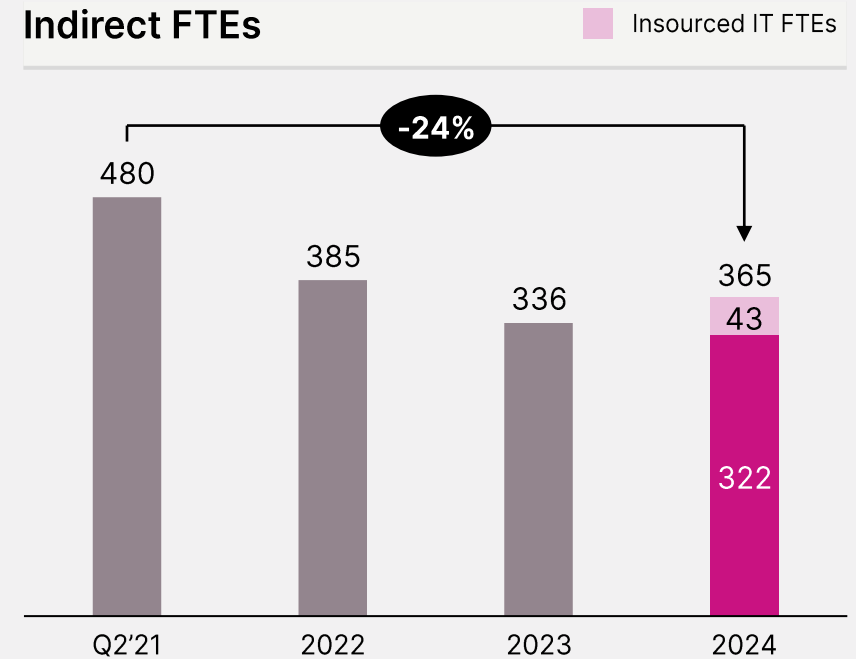
Indirect costs
SEKm



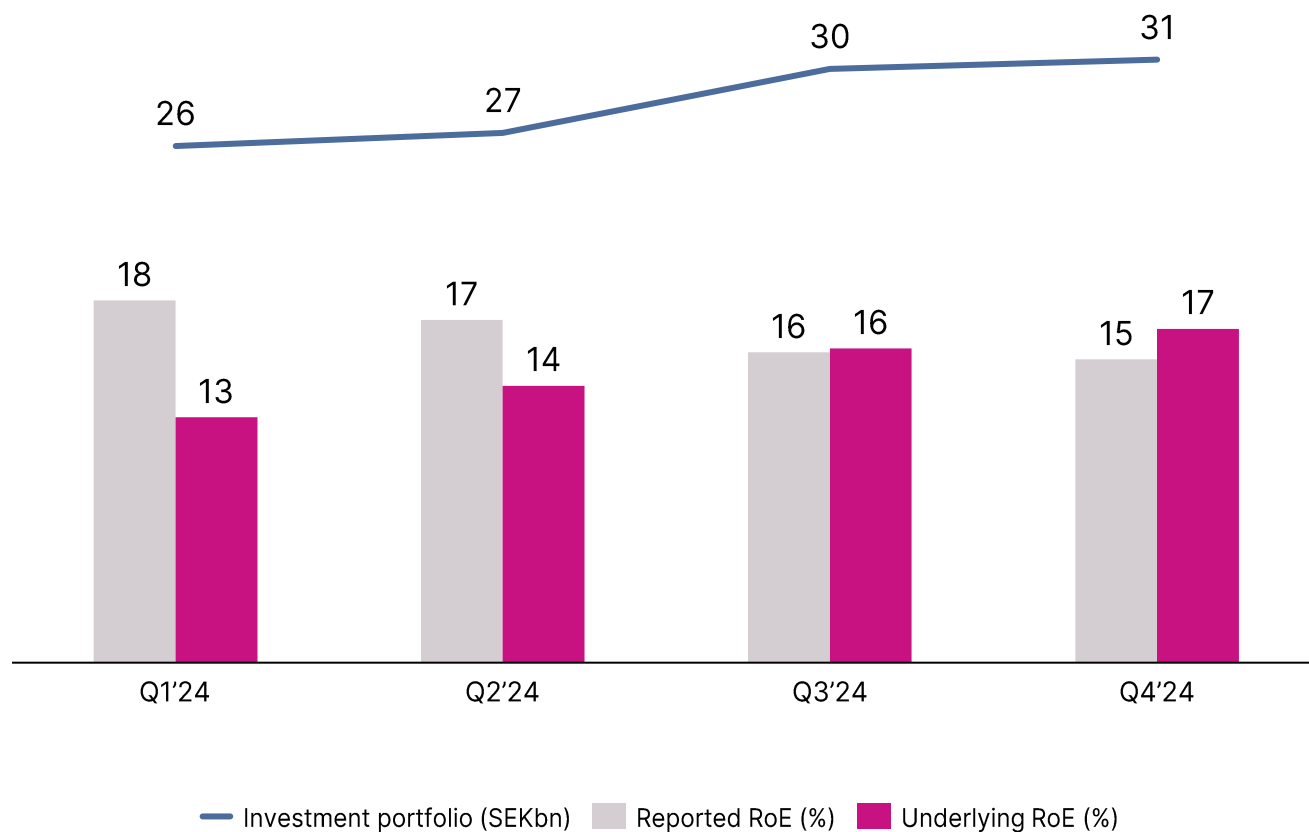
* 1,135 reported, re-valued at 2024 average fx rates

- Ongoing improvement focus
- Cost discipline providing scale benefits in high inflation environment
- SEK 40m per annum save as we insource and improve IT services (+43 FTEs)

Indirect FTEs



Growth in underlying RoE



- » Underlying ROE increase
- » Sourcing and disciplined pricing
- » Cost control
- » Scale benefits

Agenda

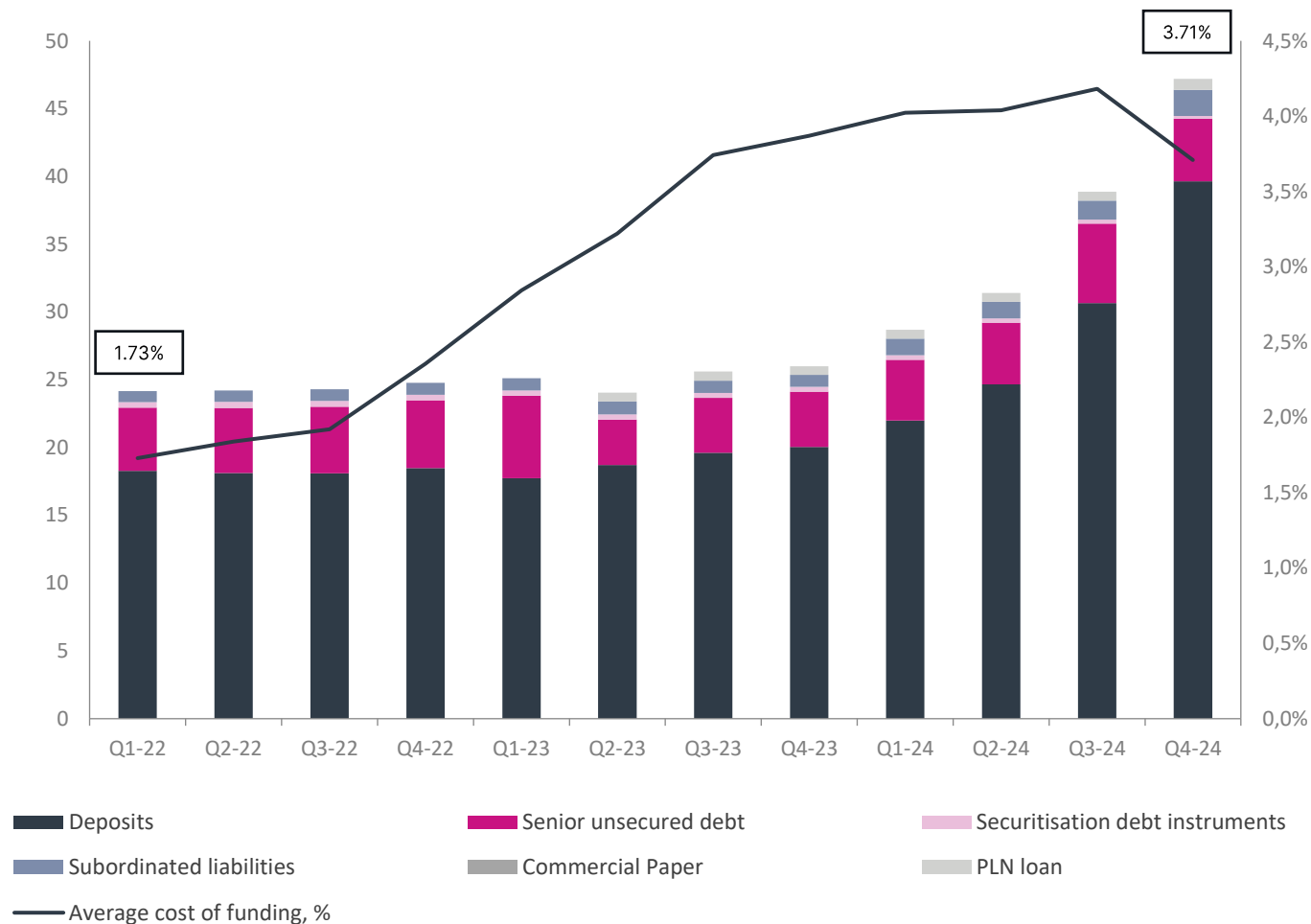
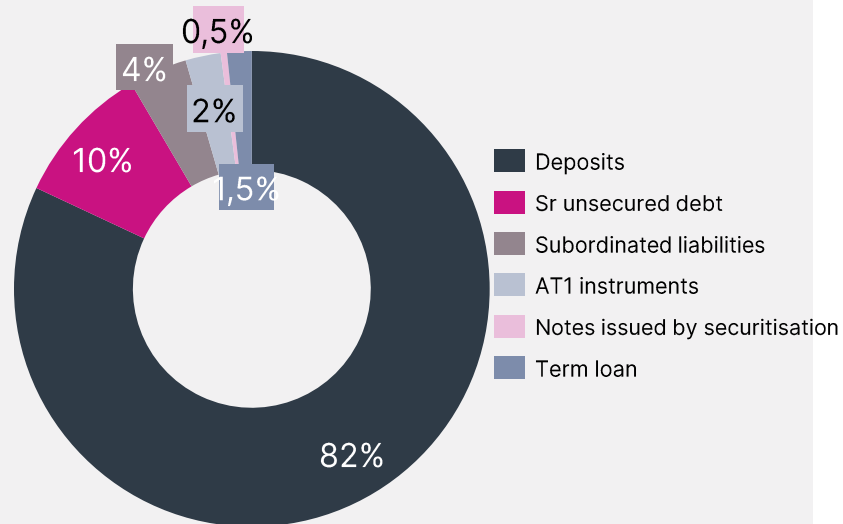
- » Business overview
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- » **Capital, funding and liquidity**
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Funding

- » Diversified, stable and competitively priced funding base supporting asset growth
- » Market issuance of SEK 4.2bn during 2024
- » Senior unsecured debt at 10 per cent and deposits 82 per cent of overall funding

Distribution of funding



Savings offerings & well-diversified, competitive funding

- » As a regulated credit market institution under the supervision of the Swedish FSA, Hoist Finance is able to offer deposits to the general public.
- » Deposit are offered under the HoistSpar brand in Sweden, Germany, the UK, Poland, the Netherlands, Ireland, and Austria since the launch in Sweden 2009.
- » Bond issuances in both SEK and Euro markets in all formats, AT1, T2, Senior non-preferred & Senior Preferred
- » Term bank deposit

~150 000

active customers

Ireland

UK

Netherlands

Germany

Sweden

Poland

Austria

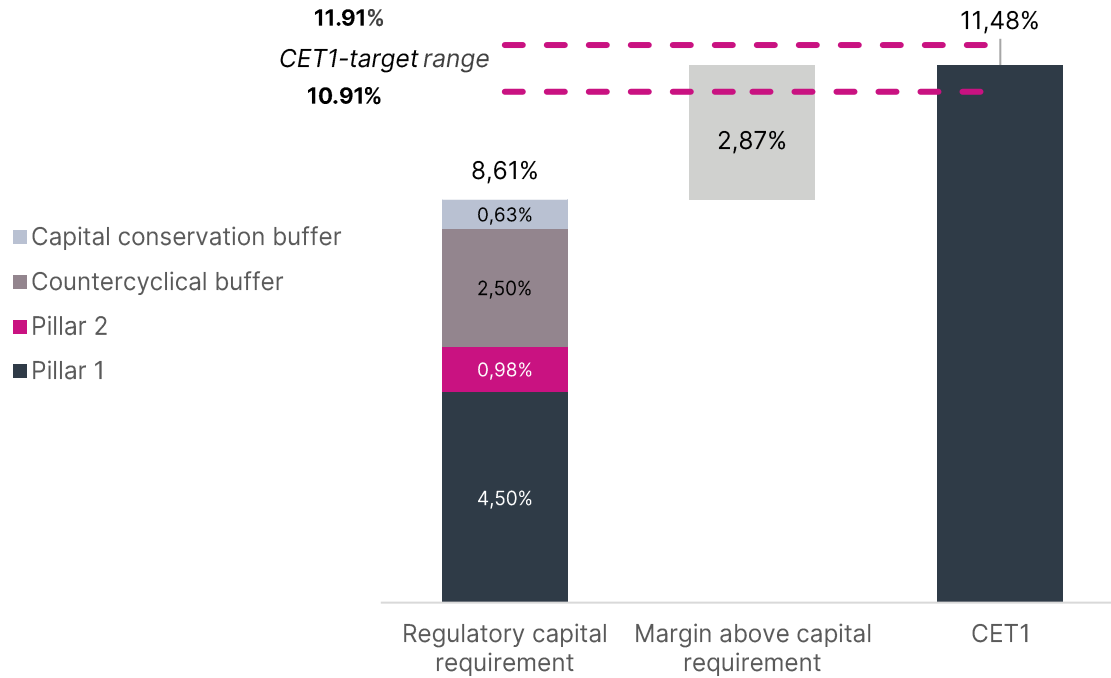
SEK 40.2 billion

In total deposit balance
(approximately)

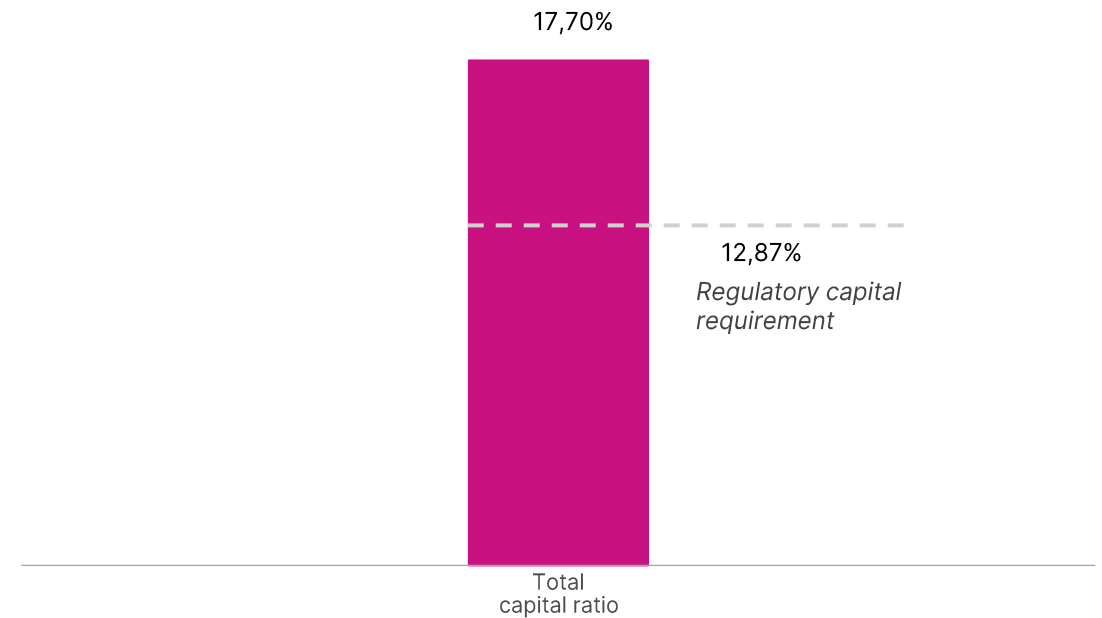
Capital position

YE 2024

CET1

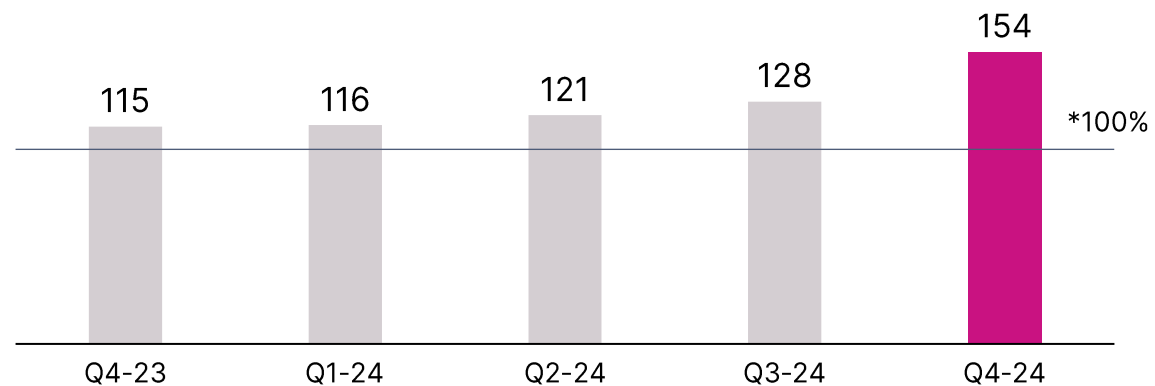


Total capital ratio

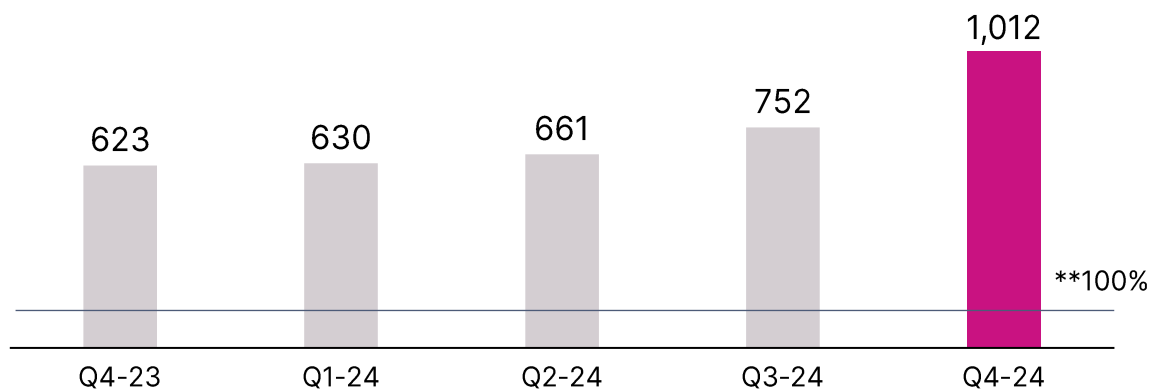


Liquidity position

NSFR, %



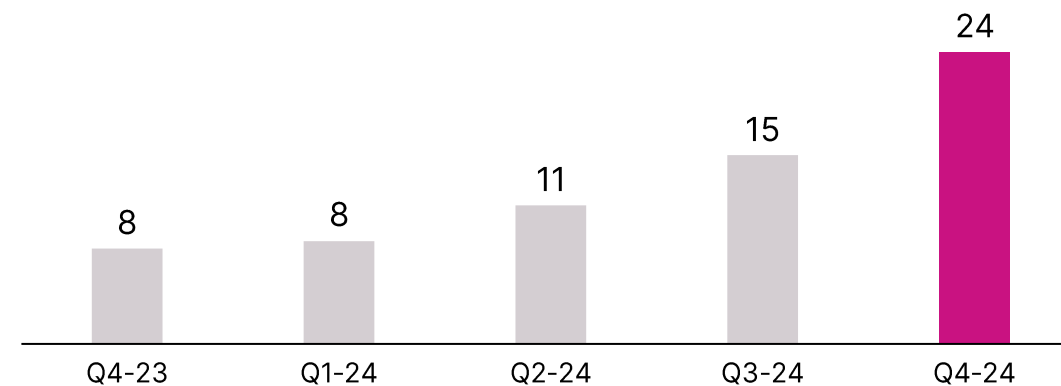
LCR, %



*NSFR regulatory limit 100%,

**LCR regulatory limit 100%

Liquidity reserve, SEKbn



Comments

- » Overall balance sheet growth due to growing NPL and liquidity portfolio
- » Large liquidity buffer to accommodate Specialised Debt Restructurer (SDR) criteria
- » Extraordinarily resilient credit market company

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Transaction overview

Issuer	Hoist Finance AB (publ)
Instrument	Senior Non-Preferred
Exp. Issue Rating	Moody's: Ba1
Currency	SEK
Volume	Maximum SEK 500m
Use of Proceeds	General corporate purposes
Tenor	5y
Coupon	3m Stibor + [•]bps
Denomination	SEK 1.25m
Substitution & Variation	MREL Disqualification Event
Redemption	Applicable upon the occurrence of MREL Disqualification Event
Events of Default	Applicable as per Condition 10.2 of the Programme
Documentation	Issued under the Issuer's EUR 1bn EMTN programme
Listing	Euronext Dublin
Joint Lead Managers	Nordea Bank Abp & Swedbank AB



Moody's Advanced Loss Given Failure (LGF) notching



Moody's LGF in a nutshell

The methodology that **adjusts the rating** based on the **expected credit loss at default** (also called Loss Given Failure) which can result in an uplift from Moody's Baseline Credit Assessment by up to three rating notches

Simplified and general principle:

- » The more subordinated debt an issuer has outstanding, the **lower the credit loss at default** given a greater cushion of loss-absorbing instruments
- » **The larger your debt quantum** within a debt ranking, **the lower the credit loss at default**
- » Credit loss is **measured** at default on **% of outstanding debt class**



Rationale

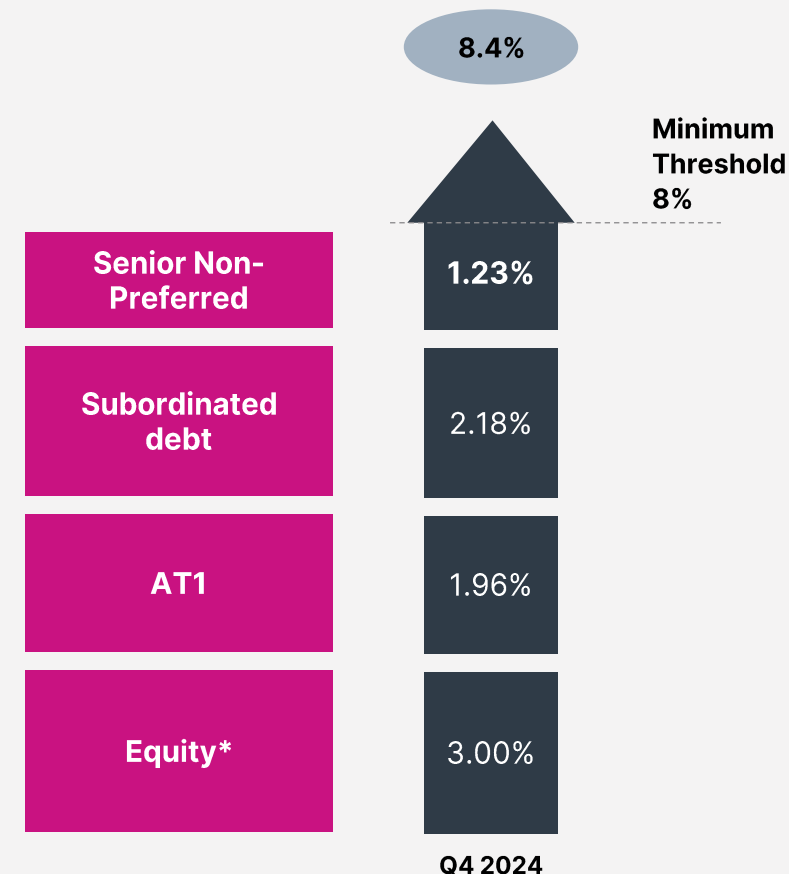
- » **Senior Non-Preferred debt** is relevant for Hoist **from a credit rating perspective**
- » Moody's Issuer and Senior Unsecured ratings are **dependent on the layering of our capital structure** (in Moody's Loss Given Failure analysis)
- » In order to **achieve the Baa2 rating** level for the Issuer and Senior Unsecured rating, the level of **subordinated capital need to meet a certain threshold** set by Moody's



Application on Hoist

- » Currently, the **subordinated capital** comprise **equity, AT1, Tier 2 and Senior Non-Preferred, totalling an 8.4% buffer**
 - » This compares to Moody's **minimum threshold of 8%**
 - » **Senior Non-Preferred** is also included in the **subordinated capital by Moody's** when calculating the Issuer and Senior Unsecured ratings, **despite Hoist not having been assigned MREL requirements as it is not designated as a systemically important financial institution**

Share of subordinated capital to total banking assets In Moody's LGF analysis



Hoist Finance's key credit highlights

- 1** A leading European NPL asset manager, specialised in non-performing consumer- and SME loans, building on more than 25 years of market experience and data gathering
- 2** Regulated status as a credit market institution requires sound capitalisation and strong liquidity, while allowing for access to cheap retail deposit-funding as well as diverse wholesale funding
- 3** Highly diversified portfolio
- 4** Active presence on 13 markets across Europe with a proven track record of strategically entering new markets. Benefitting from strong relationships with Europe's largest international banks and credit funds, active on the primary- and secondary NPL-market
- 5** Rating of Baa2/Stable makes Hoist Finance the only investment grade rated issuer in the NPL sector
- 6** Huge market opportunity combined with supportive underlying market trends
- 7** Obtaining status as an SDR will further consolidate Hoist Finance's competitive edge in the NPL industry, being exempt from the backstop regulation

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Moody's Advanced Loss Given Failure (LGF) notching

The SNP issue is fully intended to protect Hoist's Baa2 Issuer (Deposit) and Senior Unsecured ratings from Moody's

Elaborations on Moody's LGF

- » LGF considers the **priority structure of the banks' financing** and function as a basis for ratings determination
- » Ratings can be notched up from the **underlying credit assessment (BCA)**, depending on the **share of debt and subordinated liabilities**
- » **LGF assumes a failure of the bank by applying a standardised stress test** to the liability structure, including standardised assumed haircut to deposits, and a cap on remaining equity
- » The **greater the share of debt and equity subordinated** to a given instrument class, the **greater the protection offered to that instrument**, and the lower its expected loss (see matrix)



Considerations for Hoist

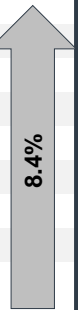
- » The share of instruments subordinated to the Issuer/deposit and Sr. Uns. debt (**8.4%**), were adequate for the **3-notch uplift to Baa2 Q4 2024**
- » The planned issue of SNP debt of SEK 600m, will **increase the cushion for subordinated/TBA** as the share of subordinated debt instruments increases

This creates a solid headroom while catering for a growing asset base going forward

SEKm

Q4'24 LGF assessment				
	Q4'24	% of TBA	At failure	% At failure
Other Liabilities	6 760	11,9%	10 779	19,0%
Deposits	40 190	70,9%	36 171	63,8%
Preferred Deposits 90%	30 143	53,1%	28 937	51%
Junior Deposits 10%	10 048	17,7%	7 234	12,8%
Sr. Unsecured Debt	5 023	8,9%	5 023	8,9%
Junior Sr. Unsecured Debt	700	1,2%	700	1,2%
Dated Subordinated Debt	1 234	2,2%	1 234	2,2%
Junior Subordinated Debt	0	0,0%	0	0,0%
Preference Shares (AT1)	1 109	2,0%	1 109	2,0%
Equity (assumed at 3%)	1 702	3,0%	1 702	3,0%
Tangible Banking Assets (TBA)	56 718	100,0%	56 718	100,0%

	Instrument & Volume Subordination	Subordinated	Notching /Rating
Deposit	17.3%	8.4%	+3 / Baa2
Senior Unsecured	17.3%	8.4%	+3 / Baa2



Notching for Issuer & Sr. Uns Ratings

Instrument's share of total increasing

Share of subordinated capital to instrument	Subordination / TBA*	Specific instrument volume + subordinated liabilities/ TBA*						
		≥0-<0.5x	≥0.5-<1%	≥1x-<1.25x	≥1.25-<1.5x	≥1.5-<1.75x	≥1.75-<2x	>2x
		≥0-<4%	≥4%-<8%	≥8%-<10%	≥10%-<12%	≥12%-<14%	≥14%-<16%	>16%
≥0-<4%		-1	-1	0	0	1	1	2
≥4%-<8%			0	0	1	1	2	2
≥8%-<10%				1	1	2	2	3
≥10%-<12%					2	2	3	3
>12%						3	3	3 ³⁸

Thank you!

