

Interim report Q1 2016

January–March 2016

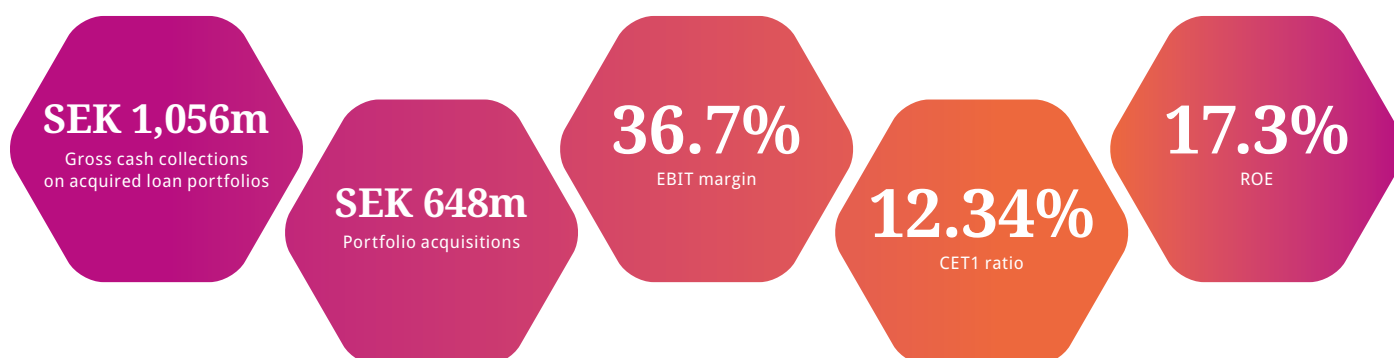
- » Gross cash collections on acquired loan portfolios increased by 34 per cent to SEK 1,056m (791).
- » Total revenue increased by 27 per cent to SEK 638m (501).
- » Reported EBIT was SEK 234m (159) and the EBIT margin was 37 per cent (32).
- » Profit before tax totalled SEK 127m (54).
- » Portfolio acquisitions totalled SEK 648m (273).

The figures in parentheses refer to Q1 2015.

31 March 2016

- » Carrying value on acquired loan portfolios increased by 1 per cent to SEK 11,346m (11,279).
- » Gross 120-month ERC (Estimated Remaining Collections) decreased by 1 per cent to SEK 19,221m (19,367).
- » The total capital ratio improved to 15.25 per cent (15.21).
- » The CET1 capital ratio was 12.34 per cent (12.32).

The figures in parentheses refer to 31 December 2015.



SEK million	Quarter 1 2016	Quarter 1 2015	Change, %
Gross cash collections on acquired loan portfolios	1,056	791	34
Net revenue from acquired loan portfolios	576	435	32
Total revenue	638	501	27
EBIT1)	234	159	100
EBIT margin, %	36.7	31.7	5.0 p.p.
Profit before tax	127	54	>100
Net profit/loss	98	43	>100
Portfolio acquisitions	648	273	137

SEK million	31 Mar 2016	31 Dec 2015	Change, %
Carrying value on acquired loan portfolios ¹⁾	11,346	11,279	1
Gross 120-month ERC ²⁾	19,221	19,367	-1
Return on equity, %	17.3	15.4	2.0 p.p.
Total capital ratio, %	15.25	15.21	0 p.p.
CET1 ratio, %	12.34	12.32	0 p.p.
Liquidity reserve	5,266	5,156	2
Number of employees (FTEs) ³⁾	1,305	1,349	-3

¹⁾ Including run-off consumer loan portfolio and portfolios held in joint venture.

²⁾ Excluding run-off consumer loan portfolio and portfolios held in joint venture.

³⁾ The number of employees in 2015 was updated based on a modified calculation model.

Hoist Kredit AB (publ) ("Hoist Kredit") is a regulated credit market company. Hence, Hoist Kredit produces financial statements in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. In order to assess the operational performance of the debt purchasing and collection operations and to facilitate comparison with our competitors, Hoist Kredit supplements its statutory financial statements with an operating income statement. The operating income statement is prepared based on the accounting and valuation principles used in the statutory financial statements, with no amendments or adjustments thereto. Hoist Kredit is consolidated in the Hoist Finance Group and the consolidated situation where Hoist Finance AB (publ) is the parent company.

The information in this Interim report has been published pursuant to the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. This information was submitted for publication on 29 April 2016 at 8:00 AM CET.

Steadily delivering on our ambitious targets

A little over one year has passed since Hoist Finance was introduced on the Nasdaq Stockholm Mid Cap list and looking at our first quarter in 2016, we are firmly on track regarding both our growth and our profitability targets. Compared with the first quarter of last year, our gross cash collections have increased by 34 per cent and our EBIT margin has increased by 4 percentage points to 36 per cent.

We have also decided to introduce a new financial target, Return on Equity (ROE). Our medium-term goal is to achieve a ROE of 20 per cent – the outcome in the first quarter of 2016 was 16 per cent.

Solid acquisition volumes in the first quarter

Effective as from 1 January our operational activities are divided into three regions to improve organisational efficiency and to strengthen our position. During the first quarter we have seen sound acquisition levels in all three regions.

Total acquisition volumes amounted to SEK 648m, an increase of 137 per cent compared with the first quarter of last year.

EBIT has developed favourably at the Group level. At the regional level, Region Mid Europe and Region Central East Europe showed a strong quarter with the sound acquisition levels of 2015 generating results in gross cash collections and yielding improved EBIT through better leverage of our platform capacity. Region West Europe is behind our expectations due to delayed investments in last year's acquisition of Compello, which has resulted in lower Gross Cash Collections and thus EBIT. In France, although the activities that we initiated have gradually improved profitability, cash collections in the first quarter fell short of our expectations. Through increased focus and activities which have been initiated during the quarter, the result is expected to increase gradually in the coming quarters, in both countries.



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A leading debt restructuring partner to international banks.”

Strengthening position as the leading debt restructuring partner to international banks

Hoist Finance recently announced that the company had entered into an agreement with the Bank of Greece which includes managing assets amounting to EUR 9 billion in 16 greek banks under liquidation. Under this agreement, we are not only assisting the Bank of Greece in restructuring the Greek banking sector but also helping them and ultimately the taxpayers in recovering non-performing assets. Hoist Finance are also entering a new market with the same prudent expansion strategy as before – by first understanding a market and then leveraging that know-how to potentially increase our market presence and activities. Ultimately, the most important point of this agreement is that Hoist Finance is further strengthening its credibility and position as the leading debt restructuring partner to international banks and now also central banks.

Outlook

The market for non-performing loan portfolios continues to grow steadily as financial institutions seek alternatives to achieve better returns on these assets. The first quarter supports us in our ability to reach our medium term financial targets and to generate acquisition volumes in 2016 that are in line with the previous three years.

Jörgen Olsson
CEO
Hoist Finance AB (publ)

First quarter 2016

Unless otherwise specified, all market, financial and operational comparisons refer to the first quarter of 2015. The analysis below follows the operating income statement.

Revenue

Total revenue reached SEK 638m (501). Gross cash collections on acquired loan portfolios increased to SEK 1,056m (791), due to the large portfolio acquisitions made in the second half of 2015, including the acquisition of Compello Holding Ltd. Revenue growth remains strong due to the high level of acquisition activity. Portfolio acquisitions totalled SEK 648m (273) during the quarter, mainly attributable to significant portfolio acquisitions in the UK and Poland.

Portfolio amortisation and revaluation increased alongside gross cash collection to SEK 483m (359). Positive portfolio revaluations of SEK 2m (-3) are also included. Net revenue from acquired loan portfolios consequently increased by 32 per cent to SEK 573m (432).

Fee and commission income declined by 37 per cent to SEK 30m (48). The decline was primarily attributable to the UK and was due to a decrease in the scope of collections on behalf of external parties that were part of earlier acquisitions, which is in line with the Company's strategy. Profit from participation in the joint venture in Poland increased by 93 per cent to SEK 29m (15). The joint venture relate to Hoist Kredit AB's (publ) holding (50%) in "BEST III" Sec Fund, a Polish closed-end fund designated for the acquisition of individual loan portfolios. The investment has performed favourably and the value of the underlying assets has grown, which was the main reason for the increase. No further investments will be made within the scope of this joint venture.

Operating expenses

Personnel expenses increased by 15 per cent to SEK 168m (146) and primarily reflect the increase in the number of Group full-time employees (FTEs) due to business combinations. The average number of Group FTEs was 1,305 (1,134). The increase is primarily attributable to the expansion of Hoist Finance's self-run collection platforms in the UK following the acquisition of collection platforms in that region. Collection expenses increased by 10 per cent to SEK 118m (107) due to a higher volume of acquired loan portfolios.

Other operating expenses increased by 32 per cent during Q1 2016 to

SEK 107m (81). Depreciation and amortisation of tangible and intangible assets totalled SEK 12m (9). The increase is attributable to production systems included in acquired companies and to continued investments in Group IT systems.

Financial items

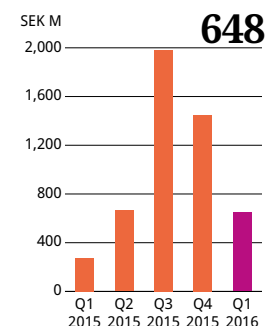
Financial items as per the Company's operating income statement totalled SEK -107m (-105). Interest income excluding run-off consumer loan portfolio totalled SEK -2m (10). The low level of interest income is due to the prevailing interest-rates, which are predominately affecting the interest on bonds.

Interest expense totalled SEK 70m (93) and is mainly comprised of interest expense related to HoistSpar deposits and interest expenses for issued bonds. Interest expense for HoistSpar deposits decreased year-on-year to SEK 37m (52), due to lower interest rates and a greater share of deposits at floating interest rates (Sparkonto Flex). The interest rates Hoist Kredit offers are on a par with the prevailing market situation. Interest expenses for Company-issued bonds decreased to SEK 26m (29), attributable primarily to the repurchase of these bonds. Fees for the deposit guarantee scheme of SEK 4m (3) and a stability fee of SEK 1m (1) are also reported as interest expense.

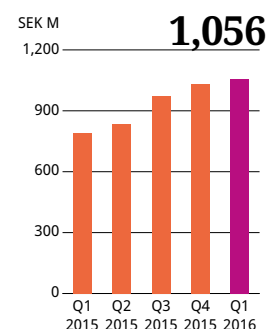
Hoist Kredit hedges interest rate and currency risks on a continuous basis using derivatives, currently in the short and medium term. The results of hedging instruments, market-value changes and exchange rate fluctuations are recognised in Net income from financial transactions.

Net income from financial transactions, including financing costs, totalled SEK -35m (-23), which was attributable to changes in market interest rates and currency fluctuations. Net income also includes expenses attributable to the repurchase of Company-issued bonds in the amount of SEK -5m (0), as well as the market valuation of bonds in the liquidity portfolio in the amount of SEK 6m (-6). Market value changes were reclassified from Interest income to Net financial income as from Q1 2016. The comparative figures have been reclassified pursuant to this change.

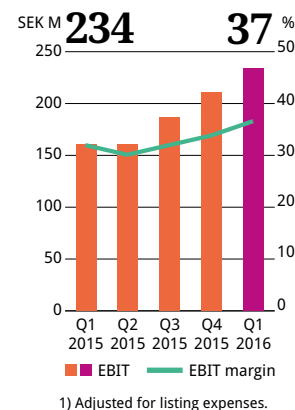
Portfolio acquisitions



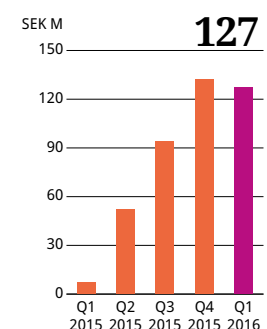
Gross cash collection



EBIT and EBIT-margin



Profit before tax



Balance sheet

Unless otherwise specified, comparisons regarding balance sheet items refer to 31 December 2015.

Assets

Total assets remained largely unchanged and declined by SEK 278m compared with December 2015 to SEK 17,333m (17,611). Acquired loan portfolios increased by SEK 45m, lending to credit institutions rose SEK 117m and the carrying value of participations in joint ventures increased by SEK 30m. These increases are offset by a SEK –213m reduction in bonds and other securities and a SEK –31m reduction in Treasury bills and treasury bonds, as well as a SEK –206m reduction in other assets. The decline in other assets was primarily due to changes in the market value of currency forwards.

Liabilities

Total liabilities amounted to SEK 15,031m (15,402). The change comprises higher deposit volumes from the public, up SEK 175m, which were offset by a SEK –294m decline in other liability items and senior unsecured debts of SEK –252m. The decline in senior unsecured debts was mainly attributable to the repurchase of Company-issued bonds in a nominal amount of SEK 172m and EUR 10m.

Financing and capital debt

SEK million	31 Mar 2016	31 Dec 2015	Change, %
Cash and interest bearing securities	5,051	5,177	-2
Other assets ¹⁾	12,282	12,434	-1
Total assets	17,333	17,611	-2
Deposits from the public	12,967	12,791	1
Subordinated liabilities	338	337	0
Senior unsecured debt	986	1,238	-20
Total interest-bearing liabilities	14,291	14,366	-1
Other liabilities ¹⁾	740	1,036	-29
Shareholders' equity	2,302	2,209	4
Total liabilities and shareholders' equity	17,333	17,611	-2
CET1 ratio, %	12.34	12.32	0 p.p.
Total capital ratio, %	15.25	15.21	0 p.p.
Liquidity reserve	5,266	5,156	2
Acquired loans			
Carrying value of acquired loans ²⁾	11,346	11,279	1
Gross 120-month ERC ³⁾	19,221	19,367	-1

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

2) Including run-off consumer loan portfolio and portfolios held in joint venture.

3) Excluding run-off consumer loan portfolio and portfolios held in joint venture.

Hoist Kredit funds its operations through deposits from the public and through the bond market. Deposits from the public totalled SEK 12,967m (12,791). Of this amount, SEK 4,181m is attributable to fixed term deposits of 12-, 24- and 36-month durations.

As at 31 March 2016, outstanding bond debt totalled SEK 986m (1,238). Group equity was SEK 2,302m (2,209).

The total capital ratio improved to 15.25 per cent (15.21) and the CET1 ratio to 12.34 per cent (12.32). The Company is thus well capitalised for further expansion.

Hoist Kredit's liquidity reserve, presented in accordance with the Swedish Bankers' Association's template, totalled SEK 5,266m (5,156).

Cash flow

SEK million	Quarter 1, 2016	Quarter 1, 2015
Cash flow from operating activities	210	1,154
Cash flow from investing activities	196	-784
Cash flow from financing activities	-320	747
Cash flow for the period	86	1,118

Cash flow from operating activities totalled SEK 210m (1,154). HoistSpar deposit volumes increased SEK 169m (1,301) during the first quarter, largely attributable to the inflow of floating deposits. The strong inflow to HoistSpar during the first quarter of 2015 was entirely attributable to the inflow of floating deposits, whereby the term of 12-month deposits mature during the first quarter of 2016 and increase floating deposits accordingly. Cash flow from gross cash collections on acquired loan portfolios increased to SEK 1,056m (791) due to the increased volume of loan portfolios, and portfolio acquisitions during the quarter totalled SEK 648m (273), excluding translation differences.

Cash flow from investing activities totalled SEK 196m (-784). The change is primarily due to a reallocation of bonds and other securities in preparation for acquisitions conducted during the quarter. During the first quarter of 2015, the improved cash flow from operating activities was invested in bonds and other securities.

Cash flow from financing activities totalled SEK -320m (747) and is attributable to a repurchase of issued bonds by Hoist Kredit.

Total cash flow for the quarter totalled SEK 86m, as compared with SEK 1,108m in the first quarter of 2015.

Significant risks and uncertainties

The carrying value of Hoist Kredit's acquired loan portfolios at 31 March 2016 totalled SEK 11,346m, up SEK 67m since year-end 2015. Loan portfolio credit risk is deemed to have increased proportionally with the volume of loans acquired during the quarter.

There were no major changes in Hoist Kredit's operational risks during the quarter. The Group works continuously to improve the quality of its internal procedures to minimise operational risks. During the quarter, the Group procured a new system to further enhance its management of operational risks.

Market risks remain low, as Hoist Kredit continuously hedges interest-rate and currency risks

Hoist Kredit's CET1 ratio was 12.34 per cent (12.32) during the first quarter, well in excess of the regulatory requirement of 7.8 per cent. The company is thus well capitalised for continued expansion.

Hoist Kredit's liquidity reserve totalled SEK 5,266m (5,156), which exceeds the company's target. The Group thus maintains a strong liquidity position.

Other information

Parent Company

The Parent Company Hoist Kredit AB (publ) reported a profit before tax of SEK 135m (-31) for the first quarter of 2016. Revenues from acquired loan portfolios increased by SEK 41m year-on-year, due to the increase in acquisition volumes.

Interest expense declined by SEK 22m in the first quarter, primarily due to interest on deposits from the public decreasing despite increased volumes, which is a result of the prevailing market conditions. The repurchases of issued bonds that have been made on a regular basis in 2015 and during the first quarter of 2016 also caused interest expense to decline.

Market value changes were reclassified from Interest income to Net financial income as from the first quarter of 2016. The comparative figures have been reclassified pursuant to this change. Net financial income amounted to SEK 18m (-36) and primarily comprise market value changes on interest rate swaps.

Since year-end, issued bonds have been repurchased in the amount of SEK 172m and EUR 10m.

Related-party transactions

The nature and scope of related-party transactions are described in the Annual Report. No significant transactions took place between Hoist Kredit and its related parties during the first quarter.

Subsequent events

In partnership with Qualco S.A. ("QC") and PricewaterhouseCoopers Business Solutions S.A. ("PWC"), Hoist Kredit AB (publ) ("Hoist Kredit") has entered into an agreement with the Bank of Greece pertaining (i) to the management of a portfolio of non-performing loans and other assets from 16 Greek banks and financial institutions that have entered liquidation, and (ii) to supervising the restructuring process and optimisation of these banks. Operations in Greece will be conducted through the Greek company PQH SINGLE LIQUIDATION SA, which is owned in equal share by Hoist Kredit, QC and PWC.

Group structure

Hoist Kredit AB (publ) is a wholly owned subsidiary to Hoist Finance AB (publ), corporate identity number 556012-8489, a Swedish publicly traded limited liability company headquartered in Stockholm, Sweden. Hoist Finance has been listed on NASDAQ Stockholm since March 2015. Hoist Kredit AB (publ), corporate identity number 556329-5699, is the parent company in the Hoist Kredit group. The Company's headquarter is in Stockholm. The Hoist Kredit Group acquires and holds the Group's loan portfolios and the loans are managed by its subsidiaries or foreign branch offices. These entities also provide management services on a commission basis to external parties. The Parent Company has foreign branches in Brussels and in Amsterdam. For a more detailed description of the Group's legal structure, please refer to the Annual Report 2015.

Review

This interim report has not been reviewed by Hoist Kredit's auditors.

Quarterly review

Segment reporting

SEK thousand	Quarter 1 2016	Quarter 4 2015	Quarter 3 2015	Quarter 2 2015	Quarter 1 2015
Gross cash collections on acquired loan portfolios	1,055,974	1,032,221	973,978	834,098	790,735
Portfolio amortisation and revaluation	-482,533	-469,138	-437,968	-360,477	-358,925
Interest income from run-off consumer loan portfolio	2,389	1,550	2,513	2,994	3,119
Net revenue from acquired loan portfolios	575,650	564,633	538,523	476,615	434,929
Fee and commission income	29,870	39,351	37,990	41,747	47,616
Profit from shares and participations in joint ventures	28,705	13,868	10,674	14,946	15,350
Other income	3,287	4,149	4,193	6,111	3,508
Total revenue	637,512	622,001	591,380	539,419	501,403
Personnel expenses	-167,612	-180,741	-164,201	-151,827	-145,711
Collection costs	-117,637	-104,422	-139,872	-146,542	-107,373
Other operating expenses	-106,549	-103,962	-92,981	-69,734	-80,507
Depreciation and amortisation of tangible and intangible assets	-11,814	-9,955	-11,677	-9,048	-9,017
Total operating expenses	-403,612	-399,080	-408,731	-377,151	-342,608
EBIT	233,900	222,921	182,649	162,268	158,795
Interest income excl. run-off consumer loan portfolio ¹⁾	-1,714	6,437	5,751	6,130	10,700
Interest expense	-70,179	-85,774	-90,100	-92,875	-92,621
Net income from financial transactions ¹⁾	-35,255	515	-8,764	-20,820	-22,689
Total financial items	-107,148	-78,822	-93,113	-107,565	-104,610
Profit before tax	126,752	144,099	89,536	54,703	54,185

1) The comparative figures have been adjusted due to the reclassification of market value changes from Interest income to Net financial income.

Key ratios

SEK million	Quarter 1 2016	Quarter 4 2015	Quarter 3 2015	Quarter 2 2015	Quarter 1 2015
EBIT margin, %	37	36	31	30	32
Return on book, % ¹⁾	10.7	11.2	10.3	10.3	10.4
Portfolio acquisitions	648	1,451	1,982	665	273

SEK million	31 March 2016	31 Dec 2015	30 Sept 2015	30 June 2015	31 March 2015
Carrying value of acquired loans ²⁾	11,346	11,279	10,639	9,040	8,827
Gross 120-month ERC ³⁾	19,221	19,367	18,082	15,316	15,238
Return on equity, %	17	15	12	10	10
Total capital ratio, %	15.25	15.21	15.66	15.28	17.13
CET1 ratio, %	12.34	12.32	12.98	12.58	14.33
Liquidity reserve	5,266	5,156	6,025	7,564	7,333
Number of employees (FTEs)	1,305	1,349	1,352	1,174	1,134

1) Excluding operating expenses in Central functions.

2) Including run-off consumer loan portfolio and portfolios held in joint venture.

3) Excluding run-off consumer loan portfolio and portfolios held in joint venture.

Segment overview

Hoist Kredit purchases and manages receivables in eight European countries, all of which have different traditions for providing financial services, different legislative frameworks and different attitudes with respect to past due receivables and repayment patterns.

As from 1 January 2016, Hoist Kredit operates under a new structural organisation. Europe is divided into three new segments – Region West Europe, Region Mid Europe and Region Central East Europe. The comparative figures in the report have been adjusted according to the new segments.

Quarter 1, 2016

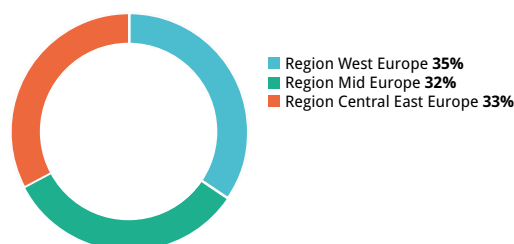
SEK thousand	Region West Europe	Region Mid Europe	Region Central East Europe	Central Functions and Eliminations	Group
Net revenue from acquired loan portfolios	172,212	216,734	186,704	-	575,650
Total revenue	191,164	218,325	198,471	29,552	637,512
Total operating expenses	-153,031	-97,579	-82,798	-70,204	-403,612
EBIT	38,133	120,746	115,673	-40,652	233,900
EBIT margin, %	20	55	58	-	37
Carrying value of acquired loan portfolios, SEKm ¹⁾	3,877	3,606	3,627	235	11,346
Gross 120-day ERC SEKm ²⁾	6,899	6,085	6,237	-	19,221

1) Including run-off consumer loan portfolio and portfolios held in joint venture.

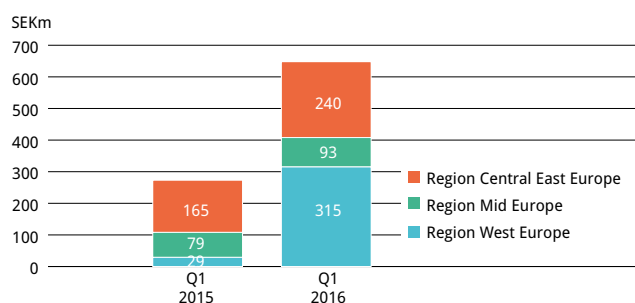
2) Excluding run-off consumer loan portfolio and portfolios held in joint venture.

Distribution by region

Carrying value, acquired loan portfolios,
31 March 2016



Acquisitions by segment



The earnings trend for each operating segment (excluding Central Functions and Eliminations), based on the operating income statement, is set forth below.

Our markets

Region West Europe

France and the UK

Revenues

Gross cash collections on acquired loan portfolios increased 70 per cent to SEK 302m (178) during the first quarter of 2016. Portfolio amortisation and revaluation totalled SEK 130m (52) during the quarter, with the increase attributable in its entirety to the significant growth in the carrying value of acquired loan portfolios. Positive portfolio revaluations totalling SEK 7m were conducted in Q1 and are included in the portfolio amortisation and revaluation amounts reported for the quarter.

Fee and commission income, which comprises services offered to third-parties, decreased in pace with operations being consolidated to focus on acquisitions and managing an in-house platform.

Operating expenses

Total operating expenses increased 24 per cent to SEK 153m (123) during the first quarter. The increase was primarily due to higher personnel expenses, with the entire increase attributable to the UK and the acquisition of

Compello Holdings Ltd. in Q3 of last year. The increase also includes personnel expenses of SEK 5m of a nonrecurring nature.

Profitability

EBIT

The segment's EBIT totalled SEK 38m (37) for the quarter with a corresponding EBIT margin of 20 per cent (23).

Return on book

The segment's return on book for the first quarter of 2016 was 3.9 per cent (6.5). There were two primary reasons for the low level and noticeably weak performance: (i) although the activities that we have initiated in France have had a tangible improvement on profitability, gross cash collections in the first quarter fell short of expectations, and (ii) as reported in previous quarters, collection activities related to the Compello portfolio were delayed in relation to the original plan.

Accordingly, gross cash collections from this portfolio fell short of expectations in the first quarter, which had an adverse effect on EBIT and thus also on the portfolio return.

Acquisitions

Acquisitions during the quarter totalled SEK 315m, due to significantly higher acquisition activity year-on-year.

The carrying value of acquired loan portfolios decreased to SEK 3,877m (3,883) at 31 March 2016. Gross ERC decreased to SEK 6,899m (6,973) compared with year-end.

Earnings trend*

SEK thousand	Quarter 1 2016	Quarter 1 2015	Change, %	Full-year 2015
Gross cash collections on acquired loan portfolios	302,429	177,726	70	935,880
Portfolio amortisation and revaluation	-130,217	-52,222	149	-351,476
Net revenue from acquired loan portfolios	172,212	125,504	37	584,404
Fee and commission income	18,952	34,985	-46	114,846
Other income	-	6	-100	1,152
Total revenue	191,164	160,495	19	700,402
Personnel expenses	-66,628	-52,113	28	-237,937
Collection costs	-50,572	-50,350	0	-214,681
Other operating expenses	-32,328	-19,244	68	-102,522
Depreciation and amortisation of tangible and intangible assets	-3,503	-1,458	140	-6,931
Total operating expenses	-153,031	-123,165	24	-562,071
EBIT	38,133	37,330	2	138,331
EBIT margin, %	20	23	-3 p.p.	20
Return on book, %	3.9	6.5	-2.6 p.p.	4.5
Expenses/Gross cash collections on acquired loan portfolios, %	44	50	-6 p.p.	48
Carrying value of acquired loan portfolios, SEKm	3,877	2,316	67	3,883
Gross 120-month ERC, SEKm	6,899	4,237	63	6,973

* Based on the operating income statement, excluding Central Functions and Eliminations.

Region Mid Europe

Belgium, Italy and the Netherlands

Revenues

Gross cash collections on acquired loan portfolios increased 41 per cent to SEK 387m (275) during the first quarter, and portfolio amortisation and revaluation increased to SEK 171m (136). A significant share of the increase in gross cash collections on acquired loan portfolios was attributable to Italy. The increase in portfolio amortisation and revaluation was attributable to last year's strong growth. Negative portfolio revaluations totalling SEK 5m were conducted in Q1 and are included in the portfolio amortisation and revaluation amounts reported for the quarter.

Operating expenses

Total operating expenses for the first quarter increased 47 per cent to SEK 98m (66), primarily due to an increase in Other operating expenses which amounted to SEK 30m (13) and mainly derive from Italy where there is a significant share of banking fees related to the higher collection level. Collection costs increased by 44 per cent to SEK 41m (29) during the quarter, and mainly pertain to variable

costs in the Netherlands where third-party collection services are included.

Profitability

EBIT

The segment's EBIT totalled SEK 121m (74) for the quarter with a corresponding EBIT margin of 55 per cent (53).

Return on book

The segment's return on book for the first quarter of 2016 was 13.3 per cent (10.4). Contributing to the increase were gross cash collections on certain portfolios in Italy and Belgium that outperformed forecasts for the quarter.

Acquisitions

The acquisition volume during the quarter totalled SEK 93m, and mainly derive from Belgium where activity was high during the first quarter, yet also to a certain extent from the Netherlands. Overall, acquired volumes for the segment were in line with the year-earlier period. During the first quarter, the carrying value of acquired loan portfolios declined by 1 per cent to SEK 3,606m (3,644) and gross ERC decreased to SEK 6,085m (6,179) compared with year-end.

Earnings trend*

SEK thousand	Quarter 1 2016	Quarter 1 2015	Change, %	Full-year 2015
Gross cash collections on acquired loan portfolios	387,374	275,077	41	1,358,389
Portfolio amortisation and revaluation	-170,640	-136,402	25	-650,236
Net revenue from acquired loan portfolios	216,734	138,675	56	708,153
Fee and commission income	1,144	1,207	-5	5,892
Other income	447	345	30	1,385
Total revenue	218,325	140,227	56	715,430
Personnel expenses	-24,833	-22,292	11	-93,021
Collection costs	-41,419	-28,771	44	-149,386
Other operating expenses	-29,812	-13,319	124	-62,403
Depreciation and amortisation of tangible and intangible assets	-1,515	-1,780	-15	-6,786
Total operating expenses	-97,579	-66,162	47	-311,596
EBIT	120,746	74,065	63	403,834
EBIT margin, %	55	53	2 p.p.	56
Return on book, %	13.3	10.4	2.9 p.p.	12.3
Expenses/Gross cash collections on acquired loan portfolios, %	25	23	2 p.p.	22
Carrying value of acquired loan portfolios, SEKm	3,606	2,786	29	3,644
Gross 120-month ERC, SEKm	6,085	4,793	27	6,179

* Based on the operating income statement, excluding Central Functions and Eliminations.

Region Central East Europe

Poland and Germany

Revenues

Gross cash collections on acquired loan portfolios increased 8 per cent to SEK 366m (338) during the first quarter. The increase in gross cash collections on acquired loan portfolios was mainly attributable to the acquisition that was made in Poland during the fourth quarter of 2015. Portfolio amortisation and revaluation during the quarter amounted to SEK 182m (170), mainly due to the aforementioned acquisition in Poland and to the sale of a number of asset-backed securities in Germany. During the first quarter, no portfolio revaluations were conducted in the segment that affected earnings.

Operating expenses

Operating expenses increased 4 per cent to SEK 83m (79) year-on-year. The increase was mainly due to the acquisition of Navi Lex in December 2014, where Hoist Finance is centralising its operations to the internal platform in 2015. This has resulted in a redistribution among various types of costs, including increased expenses linked to more

employees in Poland and IT-related costs, as well as lower collection costs to third parties.

Profitability

EBIT

The segment's EBIT totalled SEK 116m (104) for the quarter with a corresponding EBIT margin of 58 per cent (53). The improvement was primarily related to higher gross collections in Poland.

Return on book

The segment's return on book for the first quarter of 2016 was 12.9 per cent, which was in line with the preceding year (11.9). This is a reflection of EBIT growing in pace with the carrying value of acquired loans.

Acquisitions

The acquisition volume during the first quarter totalled SEK 240m and mainly derive from Poland where activity was high during the first quarter. Overall, acquired volumes for the segment was higher compared to the year-earlier period. As at 31 March 2016, the carrying value of acquired loan portfolios totalled SEK 3,627m (3,546) and gross ERC increased to SEK 6,237m (6,215) year-on-year.

Earnings trend*

SEK thousand	Quarter 1 2016	Quarter 1 2015	Change, %	Full-year 2015
Gross cash collections on acquired loan portfolios	365,991	337,932	8	1,336,763
Portfolio amortisation and revaluation	-181,676	-170,301	7	-624,796
Interest income from run-off consumer loan portfolio	2,389	3,119	-23	10,176
Net revenue from acquired loan portfolios	186,704	170,750	9	722,143
Fee and commission income	9,774	11,424	-14	45,967
Other income	1,993	1,194	67	12,176
Total revenue	198,471	183,368	8	780,286
Personnel expenses	-43,335	-41,091	5	-172,412
Collection costs	-25,646	-28,252	-9	-134,142
Other operating expenses	-11,927	-8,360	43	-39,760
Depreciation and amortisation of tangible and intangible assets	-1,890	-1,656	14	-7,195
Total operating expenses	-82,798	-79,359	4	-353,509
EBIT	115,673	104,009	11	426,777
EBIT margin, %	58	53	6 p.p.	55
Portfolio return, %	12.9	11.9	1.0 p.p.	12.1
Expenses/Gross cash collections on acquired loan portfolios, %	19	22	-3 p.p.	22
Carrying value of acquired loan portfolios, SEKm ¹⁾	3,627	3,489	4	3,546
Gross 120-month ERC, SEKm ²⁾	6,237	6,208	0	6,215

* Based on the operating income statement, excluding Central Functions and Eliminations.

1) Including run-off consumer loan portfolio.

2) Excluding run-off consumer loan portfolio.

Financial statements

Consolidated income statement

SEK thousand	Quarter 1 2016	Quarter 1 2015	Full-year 2015
Net revenue from acquired loan portfolios	573,261	431,810	2,004,524
Interest income	675	13,819	39,195
Interest expense	-70,179	-92,621	-361,370
Net interest income	503,757	353,008	1,682,349
Fee and commission income	29,870	47,616	166,705
Net income from financial transactions	-35,255	-22,689	-46,461
Other income	3,287	3,508	17,959
Total operating income	501,659	381,443	1,820,552
General administrative expenses			
Personnel expenses	-167,612	-145,711	-642,480
Other operating expenses	-224,186	-187,880	-845,393
Depreciation and amortisation of tangible and intangible assets	-11,814	-9,017	-39,697
Total operating expenses	-403,612	-342,608	-1,527,570
Profit before credit losses	98,047	38,835	292,982
Net credit losses	-	-	-5,298
Earnings from participations in joint ventures	28,705	15,350	54,839
Profit before tax	126,752	54,185	342,523
Income tax expense	-29,128	-11,191	-64,961
Profit for the period	97,624	42,994	277,562
Profit attributable to:			
Owners of Hoist Kredit AB (publ)	97,624	42,994	277,562

Consolidated statement of comprehensive income

SEK thousand	Quarter 1 2016	Quarter 1 2015	Full-year 2015
Profit for the period	97,624	42,994	277,562
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of defined benefit pension plan	-	-	1,408
Revaluation of remuneration after terminated employment	-	-	1,606
Tax attributable to items that will not be reclassified to profit or loss	-	-	-781
Total items that will not be reclassified to profit or loss	-	-	2,233
Items that may be reclassified subsequently to profit or loss			
Currency translation differences on foreign operations	-10,243	282	-35,485
Translation difference, joint venture	1,020	6,123	-4,948
Hedging of currency risk in foreign operations	4,405	-6,158	-849
Total items that may be reclassified subsequently to profit or loss	-4,818	247	-41,282
Other comprehensive income for the period	-4,818	247	-39,049
Total comprehensive income for the period	92,806	43,241	238,513
Profit attributable to:			
Owners of Hoist Kredit AB (publ)	92,806	43,241	238,513

Consolidated balance sheet

SEK thousand	31 Mar 2016	31 Dec 2015	31 Mar 2015
ASSETS			
Cash	198	281	367
Treasury bills and treasury bonds	3,046,834	3,077,827	2,809,127
Lending to credit institutions	913,063	795,915	1,873,871
Lending to the public	68,474	77,994	136,762
Acquired loan portfolios	11,060,117	11,014,699	8,491,668
Receivables, Group companies	227,979	253,543	156,566
Bonds and other securities	1,090,496	1,303,214	2,673,713
Participations in joint ventures	235,282	205,557	236,820
Intangible assets	213,048	216,158	216,379
Tangible assets	39,865	38,481	28,302
Other assets	294,408	499,992	177,357
Deferred tax assets	64,918	62,688	66,045
Prepayments and accrued income	78,312	64,916	59,676
Total assets	17,332,994	17,611,265	16,926,653
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Liabilities to credit institutions	-	62,813	-
Deposits from the public	12,966,716	12,791,377	12,317,254
Tax liabilities	36,398	5,561	28,166
Other liabilities	267,017	559,208	337,647
Deferred tax liabilities	179,732	178,826	75,494
Accrued expenses and deferred income	201,688	176,957	129,569
Provisions	55,291	52,081	63,955
Senior unsecured debt	986,259	1,238,469	1,463,821
Subordinated liabilities	338,006	336,892	333,768
Total liabilities	15,031,107	15,402,184	14,749,674
Shareholders' equity			
Share capital	66,667	66,667	66,667
Other contributed equity	1,450,918	1,450,918	1,450,918
Reserves	-48,912	-44,094	-2,565
Retained earnings including profit for the period	833,214	735,590	661,959
Total shareholders' equity	2,301,887	2,209,081	2,176,979
Total liabilities and shareholders' equity	17,332,994	17,611,265	16,926,653

Consolidated statement of changes in shareholders' equity

SEK thousand	Share capital	Other contributed capital	Reserves Translation reserve	Retained earnings including profit for the period	Total shareholders' equity
Opening balance 1 Jan 2016	66,667	1,450,918	-44,094	735,590	2,209,081
Comprehensive income for the period					
Profit for the period				97,624	97,624
Other comprehensive income			-4,818		-4,818
Total comprehensive income for the period			-4,818	97,624	92,806
Closing balance 31 Mar 2016	66,667	1,450,918	-48,912	833,214	2,301,887

SEK thousand	Share capital	Other contributed capital	Reserves Translation reserve	Retained earnings including profit for the period	Total shareholders' equity
Opening balance 1 Jan 2015	66,667	691,914	-2,812	651,549	1,407,318
Comprehensive income for the period					
Profit for the period				42,994	42,994
Other comprehensive income			247		247
Total comprehensive income for the period			247	42,994	43,241
Transactions reported directly in equity					
Shareholders' contribution		759,004			759,004
Acquisition of minority shareholding in subsidiary				-32,584	-32,584
Total transactions reported directly in equity		759,004		-32,584	726,420
Closing balance 31 Mar 2015	66,667	1,450,918	-2,565	661,959	2,176,979

SEK thousand	Share capital	Other contributed capital	Reserves Translation reserve	Retained earnings including profit for the year	Total shareholders' equity
Opening balance 1 Jan 2015	66,667	691,914	-2,812	651,549	1,407,318
Comprehensive income for the year					
Profit for the year				277,562	277,562
Other comprehensive income			-41,282	2,233	-39,049
Total comprehensive income for the year			-41,282	279,795	238,513
Transactions reported directly in equity					
Shareholders' contribution		759,004			759,004
Acquisition of minority shareholding in subsidiary				-32,584	-32,584
Interest paid on capital contribution				-15,000	-15,000
Group contribution				-182,890	-182,890
Tax effect on items reported directly in equity				34,720	34,720
Total transactions reported directly in equity		759,004		-195,754	563,250
Closing balance 31 Dec 2015	66,667	1,450,918	-44,094	735,590	2,209,081

Consolidated cash flow statement

SEK thousand	Quarter 1 2016	Quarter 1 2015	Full-year 2015
OPERATING ACTIVITIES			
Gross cash collections	1,055,799	790,735	3,631,031
Paid-in interest	7,430	13,820	36,529
Provisions received	29,870	47,616	166,705
Other operating income	3,287	3,507	17,958
Interest paid	-64,157	-63,844	-338,949
Operating expenses	-376,044	-350,845	-1,453,281
Net cash flow from financial transactions	-35,255	-22,689	-10,862
Capital gain on redemption of joint venture certificates	-	-	44,404
Income tax paid	-8,308	-9,640	-43,523
Total	612,622	408,660	2,050,012
Increase/decrease in acquired loans incl. translation differences	-527,956	-263,811	-4,054,424
Increase/decrease in joint venture certificates	-	-	15,277
Increase/decrease in lending to the public	35,083	3,837	-39,670
Increase/decrease in deposits from the public	169,317	1,301,188	1,781,668
Increase/decrease in other assets	214,276	36,608	-289,563
Increase/decrease in other liabilities	-286,403	-327,443	-232,879
Increase/decrease in provisions	3,210	-4,700	-16,574
Change in other balance sheet items	-10,143	-	71,864
Total	-402,616	745,679	-2,764,301
Cash flow from operating activities	210,006	1,154,339	-714,289
INVESTING ACTIVITIES			
Investments in intangible assets	-3,757	-9,148	-37,867
Investments in tangible assets	-6,445	-1,456	-18,158
Acquisition of operations	-	-50,569	-50,569
Investments in/divestments of bonds and other securities	205,963	-722,472	615,093
Cash flow from investing activities	195,761	-783,645	508,499
FINANCING ACTIVITIES			
Shareholders' contribution	-	759,004	759,004
Issued bonds, repurchased and cancelled	-272,542	-11,975	-229,833
Interest paid on capital contribution	-	-	-15,000
Group contribution	-47,153	-	-
Cash flow from financing activities	-319,695	747,029	514,171
Cash flow for the period	86,072	1,117,723	308,381
Cash at the beginning of the period	3,874,023	3,565,642	3,565,642
Cash at the end of the period¹⁾	3,960,095	4,683,365	3,874,023

1) Consists of cash, Treasury bills/bonds and lending to credit institutions.

Parent Company income statement

SEK thousand	Quarter 1 2016	Quarter 1 2015	Full-year 2015
Net revenue from acquired loan portfolio	99,632	58,853	357,498
Interest income	131,584	110,649	460,291
Interest expense	-70,166	-92,648	-359,876
Net interest income	161,050	76,854	457,913
Net income from financial transactions	-17,627	-35,996	-58,547
Other income	17,665	14,409	74,588
Total operating income	161,088	55,267	473,954
General administrative expenses			
Personnel expenses	-29,837	-31,243	-123,377
Other operating expenses	-55,009	-51,860	-204,599
Depreciation and amortisation of tangible and intangible assets	-3,568	-3,140	-14,380
Total operating expenses	-88,414	-86,243	-342,356
Profit before credit losses	72,674	-30,976	131,598
Net credit losses	-	-	-5,298
Earnings from participations in joint ventures	-	-	44,404
Earnings from participations in subsidiaries	62,387	-	133,668
Profit before tax	135,061	-30,976	304,372
Income tax expense	-15,969	3,312	-44,349
Profit for the period	119,092	-27,664	260,023
Profit attributable to			
Owners of Hoist Kredit AB (publ)	119,092	-27,664	260,023

Parent company statement of comprehensive income

SEK thousand	Quarter 1 2016	Quarter 1 2015	Full-year 2015
Profit for the period	119,092	-27,664	260,023
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences on foreign operations	128	-207	-522
Total items that may be reclassified subsequently to profit or loss	128	-207	-522
Other comprehensive income for the period	128	-207	-522
Total comprehensive income for the period	119,220	-27,871	259,501
Profit attributable to			
Owners of Hoist Kredit AB (publ)	119,220	-27,871	259,501

Parent Company balance sheet

SEK thousand	31 Mar 2016	31 Dec 2015	31 Mar 2015
ASSETS			
Cash	-	8	9
Treasury bills and treasury bonds	3,046,834	3,077,827	2,809,127
Lending to credit institutions	397,691	78,503	866,962
Lending to the public	68,474	77,994	136,762
Acquired loan portfolios	2,650,680	2,646,612	2,757,714
Receivables, Group companies	8,648,992	8,769,553	6,436,820
Bonds and other securities	1,090,496	1,303,214	2,648,713
Shares and participations in subsidiaries	562,572	581,972	545,379
Shares and participations in joint ventures	49,974	49,974	65,251
Intangible assets	40,398	42,278	47,895
Tangible assets	4,485	4,523	4,666
Other receivables	212,845	416,615	69,770
Deferred tax assets	4,589	2,224	3,696
Prepaid expenses and deferred income	19,075	1,842	14,704
TOTAL ASSETS	16,797,105	17,053,139	16,407,468
SHAREHOLDER'S EQUITY, PROVISIONS AND LIABILITIES			
Liabilities			
Liabilities to credit institutions	-	87,723	-
Deposits from the public	12,966,716	12,791,377	12,317,254
Tax liabilities	22,306	3,550	23,306
Other liabilities	125,091	379,205	189,690
Accrued expenses and deferred income	94,754	71,103	59,078
Provisions	65	132	65
Senior unsecured debt	986,259	1,238,469	1,463,821
Subordinated liabilities	338,006	336,892	333,768
Total liabilities and provisions	14,533,197	14,908,451	14,386,982
Untaxed reserves	62,248	62,248	62,248
Shareholders' equity			
<i>Restricted capital</i>			
Share capital	66,667	66,667	66,667
Statutory reserve	10,000	10,000	10,000
Revaluation reserve	64,253	64,253	64,253
Total restricted equity	140,920	140,920	140,920
<i>Non-restricted equity</i>			
Other contributed equity	1,450,918	1,450,918	1,450,918
Reserves	-14	-142	173
Retained earnings	490,744	230,721	393,891
Profit for the period	119,092	260,023	-27,664
Total non-restricted	2,060,740	1,941,520	1,817,318
Total shareholders' equity	2,201,660	2,082,440	1,958,238
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	16,797,105	17,053,139	16,407,468

Accounting principles

The interim financial statements are presented in accordance with IAS 34 Interim Financial Reporting. The Group's consolidated accounts have been 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 Board's RFR 1, Supplementary Accounting Rules for Groups, has been applied.

The Parent Company Hoist Kredit AB's (publ) accounts were prepared in accordance with (1995:1559) the Swedish Annual Accounts Act of credit institutions and Securities companies (ÅRKL) 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, was also applied.

No IFRS or IFRIC amendments became effective in 2016 that have had any material impact on the Group's financial statements or capital adequacy.

Market value changes were reclassified from Interest income to Net financial income as from first quarter 2016. The comparative figures have been reclassified pursuant to this change. SEK -5.7 million was reclassified during first quarter 2015 and SEK -35.6 million for the full-year 2015.

As from 1 January 2016, Hoist Finance operates under a new structural organisation. Europe is divided into three new segments – Region West Europe, Region Mid Europe and Region Central East Europe. The comparative figures in the report have been adjusted according to the new segments.

The Group's and Parent Company's accounting policies and bases for calculation, as well as presentation remain unchanged compared to the Annual report 2015.

	Quarter 1 2016	Quarter 1 2015	Full year 2015
1 EUR = SEK			
Income statement (average)	9.3231	9.3832	9.3553
Balance sheet (at end of the period)	9.2323	9.2869	9.1350
1 GBP = SEK			
Income statement (average)	12.1042	12.6192	12.8908
Balance sheet (at end of the period)	11.6853	12.7441	12.3785
1 PLN = SEK			
Income statement (average)	2.1353	2.2378	2.2372
Balance sheet (at end of the period)	2.1652	2.2753	2.1545

Notes

Note 1 Segment reporting

Consolidated income statement SEK thousand	Quarter 1 2016	Quarter 1 2015	Full year 2015
Revenues from acquired loan portfolios	573,261	431,810	2,004,524
<i>of which, gross cash collections</i>	1,055,794	790,735	3,631,032
<i>of which, portfolio amortisation and revaluation</i>	-482,533	-358,925	-1,626,508
Interest income	675	13,819	39,195
<i>of which, interest income from run-off consumer loan portfolio</i>	2,389	3,119	10,176
<i>of which, interest income excl. run-off consumer loan portfolio¹⁾</i>	-1,714	10,700	29,019
Interest expense	-70,179	-92,621	-361,370
Net interest income	503,757	353,008	1,682,349
Fee and commission income	29,870	47,616	166,705
Net income from financial transactions ¹⁾	-35,255	-22,689	-46,461
Other income	3,287	3,508	17,959
Total operating income	501,659	381,443	1,820,552
General administrative expenses			
Personnel expenses	-167,612	-145,711	-642,480
Other operating expenses	-224,186	-187,880	-845,393
Depreciation and amortisation of tangible and intangible assets	-11,814	-9,017	-39,697
Total operating expenses	-403,612	-342,608	-1,527,570
Profit before loan losses	98,047	38,835	292,982
Net loan losses	-	-	-5,298
Profit from shares and participations in joint ventures	28,705	15,350	54,839
Profit before tax	126,752	54,185	342,523

Operating income statement based on segment reporting SEK thousand	Quarter 1 2016	Quarter 1 2015	Full year 2015
Gross cash collections on acquired loan portfolios	1,055,794	790,735	3,631,032
Portfolio amortisation and revaluation	-482,533	-358,925	-1,626,508
Interest income from run-off consumer loan portfolio	2,389	3,119	10,176
Net revenue from acquired loan portfolios	575,650	434,929	2,014,700
Fee and commission income	29,870	47,616	166,705
Profit from shares and participations in joint ventures	28,705	15,350	54,839
Other income	3,287	3,508	17,959
Total revenue	637,512	501,403	2,254,203
Personnel expenses	-167,612	-145,711	-642,480
Collection costs	-117,637	-107,373	-498,209
Other operating expenses	-106,549	-80,507	-347,184
Depreciation and amortisation of tangible and intangible assets	-11,814	-9,017	-39,697
Total operating expenses	-403,612	-342,608	-1,527,570
EBIT	233,900	158,795	726,633
Interest income excl. run-off consumer loan portfolio ¹⁾	-1,714	10,700	29,019
Interest expense	-70,179	-92,621	-361,370
Net income from financial transactions ^{1) 2)}	-35,255	-22,689	-51,759
Total financial items	-107,148	-104,610	-384,110
Profit/loss before tax	126,752	54,185	342,523

1) The comparative figures have been adjusted due to the reclassification of market value changes from Interest income to Net financial income.

2) Including financing costs.

Note 1 Segment reporting, cont.

Segment reporting has been prepared based on the manner in which executive management monitors operations. This differs from statutory account preparation; the material differences are as follows:

- » Revenue includes income from
 - acquired loan portfolios
 - run-off consumer loan portfolio
 - fee and commission income from third parties
 - profit from shares and participations in joint ventures
 - other income
- » Total financial items include interest income from sources other than acquired loan portfolios, interest expense and net income from financial transactions.

Group costs for central and supporting functions are not allocated to the operating segments but are reported as Central Functions and Eliminations.

A financing cost is allocated to the operating segments based on the acquired loan portfolio assets. The difference between the actual financing cost and the standardised cost is included in Central Functions and Eliminations.

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 1, 2016	Region West Europe ¹⁾	Region Mid Europe ²⁾	Region Central East Europe ³⁾	Central Functions/ Eliminations	Group
SEK thousand					
Gross cash collections on acquired loan portfolios	302,429	387,374	365,991	-	1,055,794
Portfolio amortisation and revaluation	-130,217	-170,640	-181,676	-	-482,533
Interest income from run-off consumer loan portfolio	-	-	2,389	-	2,389
Net revenue from acquired loan portfolios	172,212	216,734	186,704	-	575,650
Fee and commission income	18,952	1,144	9,774	-	29,870
Profit from shares and participations in joint ventures	-	-	-	28,705	28,705
Other income	0	447	1,993	847	3,287
Total revenue	191,164	218,325	198,471	29,552	637,512
Personnel expenses	-66,628	-24,833	-43,335	-32,816	-167,612
Collection costs	-50,572	-41,419	-25,646	-	-117,637
Other operating expenses	-32,328	-29,812	-11,927	-32,482	-106,549
Depreciation and amortisation of tangible and intangible assets	-3,503	-1,515	-1,890	-4,906	-11,814
Total operating expenses	-153,031	-97,579	-82,798	-70,204	-403,612
EBIT	38,133	120,746	115,673	-40,652	233,900
Interest income excl. run-off consumer loan portfolio	-	-	400	-2,114	-1,714
Interest expense	-	-15	-10	-70,154	-70,179
Net income from financial transactions 4)	-49,807	-46,067	-43,615	104,234	-35,255
Total financial items	-49,807	-46,082	-43,225	31,966	-107,148
Profit/loss before tax	-11,674	74,664	72,448	-8,686	126,752

1) Total revenue for Region West Europe of SEK 187m is included in the revenue for the UK.

2) Total revenue for Region Mid Europe of SEK 124m is included in the revenue for Italy.

3) Total revenue for Region Central East Europe of SEK 106m is included in the revenue Germany.

4) Including financing costs.

Income statement, Quarter 1, 2015

SEK thousand	Region West Europe ¹⁾	Region Mid Europe ²⁾	Region Central East Europe ³⁾	Central Functions/ Eliminations	Group
Gross cash collections on acquired loan portfolios	177,726	275,077	337,932	-	790,735
Portfolio amortisation and revaluation	-52,222	-136,402	-170,301	-	-358,925
Interest income from run-off consumer loan portfolio	-	-	3,119	-	3,119
Net revenue from acquired loan portfolios	125,504	138,675	170,750	-	434,929
Fee and commission income	34,985	1,207	11,424	-	47,616
Profit from shares and participations in joint ventures	-	-	-	15,350	15,350
Other income	6	345	1,194	1,963	3,508
Total revenue	160,495	140,227	183,368	17,313	501,403
Personnel expenses	-52,113	-22,292	-41,091	-30,215	-145,711
Collection costs	-50,350	-28,771	-28,252	-	-107,373
Other operating expenses	-19,244	-13,319	-8,360	-39,584	-80,507
Depreciation and amortisation of tangible and intangible assets	-1,458	-1,780	-1,656	-4,123	-9,017
Total operating expenses	-123,165	-66,162	-79,359	-73,922	-342,608
EBIT	37,330	74,065	104,009	-56,609	158,795
Interest income excl. run-off consumer loan portfolio ⁴⁾	6	22	233	10,439	10,700
Interest expense	-	-24	-7	-92,590	-92,621
Net income from financial transactions ^{4) 5)}	-29,015	-35,409	-43,096	84,831	-22,689
Total financial items	-29,009	-35,411	-42,870	2,680	-104,610
Profit/loss before tax	8,321	38,654	61,139	-53,929	54,185

1) Total revenue for Region West Europe of SEK 146m is included in the revenue for the UK.

2) Total revenue for Region Mid Europe of SEK 80m is included in the revenue for Italy.

3) Total revenue for Region Central East Europe of SEK 104m is included in the revenue Germany.

4) The comparative figures have been adjusted due to the reclassification of market value changes from Interest income to Net financial income.

5) Including financing costs.

Note 1 Segment reporting, cont.

Income statement, Full-year 2015

SEK thousand	Region West Europe ¹⁾	Region Mid Europe ²⁾	Region Central East Europe ³⁾	Central Functions/ Eliminations	Group
Gross cash collections on acquired loan portfolios	935,880	1,358,389	1,336,763	-	3,631,032
Portfolio amortisation and revaluation	-351,476	-650,236	-624,796	-	-1,626,508
Interest income from run-off consumer loan portfolio	-	-	10,176	-	10,176
Net revenue from acquired loan portfolios	584,404	708,153	722,143	-	2,014,700
Fee and commission income	114,846	5,892	45,967	-	166,705
Profit from shares and participations in joint ventures	-	-	-	54,839	54,839
Other income	1,152	1,385	12,176	3,246	17,959
Total revenue	700,402	715,430	780,286	58,085	2 254,203
Personnel expenses	-237 937	-93 021	-172 412	-139,110	-642,480
Collection costs	-214,681	-149,386	-134,142	-	-498,209
Other operating expenses	-102,522	-62,403	-39,760	-142,499	-347,184
Depreciation and amortisation of tangible and intangible assets	-6,931	-6,786	-7,195	-18,785	-39,697
Total operating expenses	-562,071	-311,596	-353,509	-300,394	-1 527,570
EBIT	138,331	403,834	426,777	-242,309	726,633
Interest income excl. run-off consumer loan portfolio ⁴⁾	164	38	2 120	26,697	29,019
Interest expense	69	-77	-1 597	-359 765	-361 370
Net income from financial transactions ^{4) 5)}	-157,672	-147,943	-179 310	433,166	-51,759
Total financial items	-157,439	-147,982	-178 787	100,098	-384,110
Profit/loss before tax	-19,108	255,852	247 990	-142,211	342,523

1) Total revenue for Region West Europe of SEK 718m is included in the revenue for the UK.

2) Total revenue for Region Mid Europe of SEK 374m is included in the revenue for Italy.

3) Total revenue for Region Central East Europe of SEK 453m is included in the revenue Germany.

4) The comparative figures have been adjusted due to the reclassification of market value changes from Interest income to Net financial income.

5) Including financing costs.

Acquired loans, 31 Mar 2016

SEK thousand	Region West Europe	Region Mid Europe	Region Central East Europe	Central Functions/ Eliminations	Group
Run-off consumer loan portfolio	-	-	50,482	-	50,482
Acquired loan portfolios	3,877,221	3,605,950	3,576,946	-	11,060,117
Shares and participations in joint ventures	-	-	-	235,282	235,282
Acquired loans	3,877,221	3,605,950	3,627,428	235,282	11,345,881

Acquired loans, 31 Dec 2015

SEK thousand	Region West Europe	Region Mid Europe	Region Central East Europe	Central Functions/ Eliminations	Group
Run-off consumer loan portfolio	-	-	58,364	-	58,364
Acquired loan portfolios	3,882,889	3,643,796	3,488,014	-	11,014,699
Shares and participations in joint ventures	-	-	-	205,557	205,557
Acquired loans	3,882,889	3,643,796	3,546,378	205,557	11,278,620

Acquired loans, 31 Mar 2015

SEK thousand	Region West Europe	Region Mid Europe	Region Central East Europe	Central Functions/ Eliminations	Group
Run-off consumer loan portfolio	-	-	98,423	-	98,423
Acquired loan portfolios	2,315,640	2,785,674	3,390,354	-	8,491,668
Shares and participations in joint ventures	-	-	-	236,820	236,820
Acquired loans	2,315,640	2,785,674	3,488,777	236,820	8,826,911

Note 2 Financial instruments

Fair value measurements

Group

The Group uses observable data to the greatest possible extent when assessing the fair value of an asset or a liability. Fair values are categorised in different levels based on the input data used in the valuation 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 upon the valuation.

Group, 31 Mar 2016

SEK thousand	Loan portfolios	Financing	Carrying value	Fair value	Level 1	Level 2	Level 3
Treasury bills and treasury bonds		3,046,834	3,046,834	3,046,834	3,046,834		
Acquired loan portfolios							
of which, carried at fair value	1,127,328		1,127,328	1,127,328			1,127,328
of which, carried at amortised cost	9,932,789		9,932,789	10,401,750			10,401,750
Bonds and other securities ¹⁾		1,065,496	1,065,496	1,065,496	1,065,496		
Derivatives		67,706	67,706	67,706		67,706	
Total assets	11,060,117	4,180,036	15,240,153	15,709,114	4,112,330	67,706	11,529,078
Additional purchase price liability		69,966	69,966	69,966			69,966
Derivatives		7,224	7,224	7,224		7,224	
Senior unsecured debt		986,259	986,259	1,006,274		1,006,274	
Subordinated liabilities		338,006	338,006	410,375		410,375	
Total liabilities		1,401,455	1,401,455	1,493,839		1,423,873	69,966

1) Bonds and other securities include SEK 25m in shares. The shares are reported at acquisition cost as there are no quoted market prices, and it has not been possible to estimate a reliable fair value using accepted valuation methods.

Group, 31 Dec 2015

SEK thousand	Loan portfolios	Financing	Carrying value	Fair value	Level 1	Level 2	Level 3
Treasury bills and treasury bonds		3,077,827	3,077,827	3,077,827	3,077,827		
Acquired loan portfolios							
of which, carried at fair value	1,177,808		1,177,808	1,177,808			1,177,808
of which, carried at amortised cost	9,836,891		9,836,891	10,014,382			10,014,382
Bonds and other securities ¹⁾		1,278,214	1,278,214	1,278,214	1,278,214		
Derivatives		314,680	314,680	314,680		314,680	
Total assets	11,014,699	4,670,721	15,685,420	15,862,911	4,356,041	314,680	11,192,190
Additional purchase price liability		66,489	66,489	66,489			66,489
Derivatives		1,651	1,651	1,651		1,651	
Senior unsecured debt		1,238,469	1,238,469	1,268,327		1,268,327	
Subordinated liabilities		336,892	336,892	407,558		407,558	
Total liabilities		1,643,501	1,643,501	1,744,025		1,677,536	66,489

1) Bonds and other securities include SEK 25m in shares. The shares are reported at acquisition cost as there are no quoted market prices, and it has not been possible to estimate a reliable fair value using accepted valuation methods.

Note 2 Financial instruments, cont.

Group, 31 Mar 2015

SEK thousand	Loan portfolios	Financing	Carrying value	Fair value	Level 1	Level 2	Level 3
Treasury bills and treasury bonds		2,809,127	2,809,127	2,809,127	2,809,127		
Acquired loan portfolios							
of which, carried at fair value	1,376,812		1,376,812	1,376,812			1,376,812
of which, carried at amortised cost	7,114,856		7,114,856	7,289,351			7,289,351
Bonds and other securities ¹⁾		2,648,713	2,648,713	2,648,713	2,648,713		
Derivatives		8,995	8,995	8,995		8,995	
Total assets	8,491,668	5,466,835	13,958,503	14,132,998	5,457,840	8,995	8,666,163
Additional purchase price liability		66,997	66,997	66,997			66,997
Derivatives		53,256	53,256	53,256		53,256	
Senior unsecured debt		1,463,821	1,463,821	1,490,060		1,490,060	
Subordinated liabilities		333,768	333,768	407,983		407,983	
Total liabilities		1,917,842	1,917,842	2,018,296		1,951,299	66,997

1) Bonds and other securities include SEK 25m in shares. The shares are reported at acquisition cost as there are no quoted market prices, and it has not been possible to estimate a reliable fair value using accepted valuation methods.

Parent company, 31 Mar 2015

SEK thousand	Loan portfolios	Financing	Carrying value	Fair value	Level 1	Level 2	Level 3
Treasury bills and treasury bonds		3,046,834	3,046,834	3,046,834	3,046,834		
Acquired loan portfolios							
of which, carried at fair value	946,442		946,442	946,442			946,442
of which, carried at amortised cost	1,704,238		1,704,238	1,833,649			1,833,649
Bonds and other securities ¹⁾		1,065,496	1,065,496	1,065,496	1,065,496		
Derivatives		67,706	67,706	67,706		67,706	
Total assets	2,650,680	4,180,036	6,830,715	6,960,126	4,112,330	67,706	2,780,091
Additional purchase price liability		69,966	69,966	69,966			69,966
Derivatives		7,224	7,224	7,224		7,224	
Senior unsecured debt		986,259	986,259	1,006,274		1,006,274	
Subordinated liabilities		338,006	338,006	410,375		410,375	
Total liabilities		1,401,455	1,401,455	1,493,839		1,423,873	69,966

1) Bonds and other securities include SEK 25m in shares. The shares are reported at acquisition cost as there are no quoted market prices, and it has not been possible to estimate a reliable fair value using accepted valuation methods.

Not 2 Fortsättning Finansiella instrument

Parent company, 31 December 2015

SEK thousand	Loan portfolios	Financing	Carrying value	Fair value	Level 1	Level 2	Level 3
Treasury bills and treasury bonds		3,077,827	3,077,827	3,077,827	3,077,827		
Acquired loan portfolios							
of which, carried at fair value	973,806		973,806	973,806			973,806
of which, carried at amortised cost	1,672,806		1,672,806	1,800,397			1,800,397
Bonds and other securities ¹⁾		1,278,214	1,278,214	1,278,214	1,278,214		
Derivatives		314,680	314,680	314,680		314,680	
Total assets	2,646,612	4,670,721	7,317,333	7,444,924	4,356,041	314,680	2,774,203
Additional purchase price liability		66,489	66,489	66,489			66,489
Derivatives		1,651	1,651	1,651		1,651	
Senior unsecured debt		1,238,469	1,238,469	1,268,327		1,268,327	
Subordinated liabilities		336,892	336,892	407,558		407,558	
Total liabilities		1,643,501	1,643,501	1,744,025		1,677,536	66,489

1) Bonds and other securities include SEK 25m in shares. The shares are reported at acquisition cost as there are no quoted market prices, and it has not been possible to estimate a reliable fair value using accepted valuation methods.

Parent company, 31 Mars 2015

SEK thousand	Loan portfolios	Financing	Carrying value	Fair value	Level 1	Level 2	Level 3
Treasury bills and treasury bonds		2,809,127	2,809,127	2,809,127	2,809,127		
Acquired loan portfolios							
of which, carried at fair value	1,104,441		1,104,441	1,104,441			1,104,441
of which, carried at amortised cost	1,653,273		1,653,273	1,785,631			1,785,631
Bonds and other securities ¹⁾		2,648,713	2,648,713	2,648,713	2,648,713		
Derivatives		8,995	8,995	8,995		8,995	
Total assets	2,757,714	5,466,835	8,224,549	8,356,907	5,457,840	8,995	2,890,072
Additional purchase price liability		66,997	66,997	66,997			66,997
Derivatives		53,256	53,256	53,256		53,256	
Senior unsecured debt		1,463,821	1,463,821	1,490,060		1,490,060	
Subordinated liabilities		333,768	333,768	407,983		407,983	
Total liabilities		1,917,842	1,917,842	2,018,296		1,951,299	66,997

1) Bonds and other securities include SEK 25m in shares. The shares are reported at acquisition cost as there are no quoted market prices, and it has not been possible to estimate a reliable fair value using accepted valuation methods.

For acquired loan portfolios, the valuation approach, key input data and valuation sensitivity for material changes thereto are described in the same note.

Derivatives used for hedging have been model-valued using interest and currency market rates as input data.

Treasury bills and Treasury bonds as well as Bonds and other securities are valued based on quoted rates.

Fair value of financing of senior unsecured debt and other subordinated liabilities was determined with reference to amortised cost.

Observable market rates quoted by external market players. In cases where more than one market price observation are available the fair value is determined at arithmetic mean of the market quotes.

Carrying value for accounts receivable and accounts payable are deemed approximations of fair value. The fair value of current loans corresponds to their carrying value due to the limited impact of discounting. No transfers between any of the levels took place during the period.

Acquired loan portfolios	Group			Parent company		
	31 Mar 2016	31 Dec 2015	31 Mar2015	31 Mar 2016	31 Dec 2015	31 Mar2015
SEK thousand						
Opening balance	11,014,699	8,586,782	8,586 782	2,646,612	2,860,220	2,860,220
Acquisitions	648,398	4,370,259	272,977	136,086	588,333	160,897
Translation differences	-120,442	-315,835	-9,166	28,187	-112,439	-66,647
Changes in value						
Based on opening balance forecast (amortisation)	-484,784	-1,587,651	-355,828	-155,092	-778,855	-197,878
Based on revised estimates (revaluation)	2,246	-38,856	-3,097	-5,113	89,353	1,122
Carrying value	11,060,117	11,014,699	8,491,668	2,650,680	2,646,612	2,757,714
Changes in carrying value reported in the income statement	-482,538	-1,626,507	-358,925	-160,205	-689,502	-196,756

Of which, designated at fair value	Group			Parent company		
	31 Mar 2016	31 Dec 2015	31 Mar2015	31 Mar 2016	31 Dec 2015	31 Mar2015
SEK thousand						
Opening balance	1,177,808	1,460,229	1,460,229	973,806	1,177,466	1,177,466
Acquisitions						
Translation differences	13,046	-53,671	-34,769	10,624	-43,992	-28,011
Changes in value						
Based on opening balance forecast (amortisation)	-63,526	-167,331	-48,648	-37,988	-154,700	-45,014
Based on revised estimates (revaluation)	-	-61,419	-	-	-4,968	-
Carrying value	1,127,328	1,177,808	1,376,812	946,442	973,806	1,104,441
Changes in carrying value reported in the income statement	-63,526	-228,750	-48,648	-37,988	-159,668	-45,014

Note 2 Financial instruments, cont.

Sensitivity analysis

While Hoist Finance considers the assumptions made in assessing fair value to be reasonable, the application of other methods and assumptions may produce a different fair value. For Level 3 fair value,

a reasonable change in one or several assumptions would have the following impact on earnings:

SEK thousand	Group		
	31 Mar 2016	31 Dec 2015	31 Mar 2015
Carrying value of loan portfolios	11,060,117	11,014,699	8,491,668
A 5% increase in estimated cash flow over the forecast period (10 years) would increase the carrying value by:	543,347	540,638	408,836
<i>of which, valued at fair value</i>	56,366	58,890	68,841
A 5% decrease in estimated cash flow over the forecast period would reduce the carrying value by:	-543,347	-540,638	-408,836
<i>of which, valued at fair value</i>	-56,366	-58,890	-68,841
Carrying value of loan portfolios acquired prior to 1 July 2011	1,127,328	1,177,808	1,376,812
A 1% decrease in the market rate of interest would increase the carrying value by:	33,387	34,774	42,927
A 1% increase in the market rate of interest would reduce the carrying value by:	-31,593	-32,880	-40,563
Shortening the forecast period by 1 year would reduce the carrying value by:	-34,386	-33,073	-48,818
Lengthening the forecast period by 1 year would increase the carrying value by:	31,196	21,424	43,587

Portfolios valued at fair value through profit or loss

The Group has chosen to categorise portfolios acquired prior to 1 July 2011 as designated at fair value through profit or loss, as these financial assets are managed and their performance is evaluated on a fair value basis in accordance with the Group's risk management policies. Information on the portfolios is provided internally to Group Management on this basis. The underlying concept for valuation at fair value is to assess the carrying value of an asset by using the best available price for the asset. Loan portfolios are typically not traded publicly and, consequently, there are no market prices available. Most participants in the industry, however, apply similar pricing methods for portfolio acquisitions and calculate the present value of cash flows that correspond to the market value of a portfolio.

The three main influencing factors in calculating fair value are: (i) the gross collections forecast, (ii) the cost level, and (iii) the market discount rate. Each month, the Group looks at the forward ten years'

net collection forecasts for all portfolios and discounts the forecasts to present value, which serves as the basis for calculating the reported fair value for each portfolio.

The insights that Hoist Finance, as one of the industry's biggest players, gains from the many portfolio transactions the Company participates in or has knowledge of form an important component in estimating a market discount rate. The discount rate corresponding to the market's required return is updated regularly and reflects actual return on relevant and comparable transactions in the market. Portfolios are currently valued at an IRR of 12 per cent over a ten-year period.

The estimated market discount rate is only applied to the portion of the portfolios valued at fair value. For the portfolios valued at amortised cost, the IRR at which the original acquisition was carried out is applied and the revenues are expensed at this effective interest rate.

Note 3 Capital adequacy

This note provides information required to be disclosed under the provisions of FFFS 2008:25, including applicable amendments, regarding annual accounts for credit institutions and FFFS 2014:12, including applicable amendments, regarding prudential requirements and capital buffers. The information relates to Hoist Finance on a consolidated basis ("Hoist Finance") and Hoist Kredit AB (publ) ("Hoist Kredit"), the regulated entity. The only difference between the consolidated accounts and the consolidated situation for capital adequacy purposes is that

the equity method is applied in the consolidated accounts whereas the proportional method is applied for the joint venture in relation to capital adequacy reporting. When establishing the company's statutory capital requirements the following laws and regulations apply: EU regulation No 575/2013 on prudential requirements for credit institutions and investment firms; Swedish law 2014:968, Special supervision of credit institutions and securities companies; and Swedish law 2014:966 on capital buffers.

Own funds

The table below shows own funds for Hoist Finance and for the regulated entity Hoist Kredit.

Own funds, SEK thousand	Hoist Finance consolidated situation			Hoist Kredit AB (publ)		
	31 Mar 2016	31 Dec 2015	31 Mar 2015	31 Mar 2016	31 Dec 2015	31 Mar 2015
Capital instruments and the related share premium accounts	1,286,805	1,286,805	1,254,221	482,963	482,963	482,963
Retained earnings	486,517	316,687	338,587	429,633	232,259	391,679
Accumulated comprehensive income and other reserves	353,329	361,363	399,490	1,062,877	1,062,749	1,030,480
Independently reviewed interim profits net of any foreseeable charge or dividend ¹⁾	-	161,366	2,548	-	190,866	-27,664
Intangible assets (net of related tax liability)	-233,045	-235,632	-249,524	-40,398	-42,278	-47,895
Deferred tax assets that rely on future profitability	-64,918	-62,688	-66,045	-4,589	-2,224	-3,696
Common Equity Tier 1	1,828,688	1,827,901	1,679,277	1,930,486	1,924,335	1,825,867
Capital instruments and the related share premium accounts	93,000	93,000	93,000	93,000	93,000	93,000
Additional Tier 1 capital	93,000	93,000	93,000	93,000	93,000	93,000
Tier 1 capital	1,921,688	1,920,901	1,772,277	2,023,486	2,017,335	1,918,867
Capital instruments and the related share premium accounts	338,006	336,892	333,768	338,006	336,892	333,768
Regulatory adjustments	-	-	-99,426	-	-	-110,110
Tier 2 capital	338,006	336,892	234,342	338,006	336,892	223,658
Total own funds for capital adequacy purposes	2,259,695	2,257,793	2,006,619	2,361,492	2,354,227	2,142,525

1) Regulatory dividend deduction is calculated at 30 per cent of reviewed net profit for the period, the maximum dividend allowed under the Group's internal dividend policy.

Risk exposure amounts and capital requirements

The tables below shows the risk exposure amounts and minimum capital requirements per risk category for Hoist Finance and the regulated entity Hoist Kredit.

Risk exposure amounts, SEK thousand	Hoist Finance consolidated situation			Hoist Kredit AB (publ)		
	31 Mar 2016	31 Dec 2015	31 Mar 2015	31 Mar 2016	31 Dec 2015	31 Mar 2015
Exposures to central governments or central banks	0	0	0	0	0	0
Exposures to regional governments or local authorities	0	0	0	0	0	0
Exposures to institutions	296,897	339,617	478,384	130,313	195,897	268,781
<i>of which, counterparty credit risk</i>	37,233	89,598	18,528	37,233	89,598	18,528
Exposures to corporates	180,134	136,601	128,843	8,674,315	8,789,030	6,495,145
Retail exposures	37,861	43,774	80,240	37,861	43,774	80,240
Exposures in default	11,416,234	11,244,739	8,742,221	2,710,393	2,646,612	2,822,964
Exposures in the form of covered bonds	106,550	126,821	249,877	106,550	126,821	249,877
Other items	155,583	320,316	247,261	769,498	707,979	631,362
Credit risk (standardised approach)	12,193,259	12,211,868	9,926,826	12,428,930	12,510,113	10,548,371
Market risk (foreign exchange risk - standardised approach)	28,449	26,573	37,521	28,449	26,573	37,521
Operational risk (basic indicator approach)	2,600,728	2,600,728	1,752,745	755,709	755,709	597,007
Credit valuation adjustment (standardised approach)	-	664	-	-	664	-
Total risk exposure amount	14,822,436	14,839,833	11,717,092	13,213,088	13,293,059	11,182,898

Note 3 Capital adequacy, cont.

Capital requirements, SEK thousand	Hoist Finance consolidated situation			Hoist Kredit AB (publ)		
	31 Mar 2016	31 Dec 2015	31 Mar 2015	31 Mar 2016	31 Dec 2015	31 Mar 2015
Pillar 1						
Exposures to central governments or central banks	0	0	0	0	0	0
Exposures to regional governments or local authorities	0	0	0	0	0	0
Exposures to institutions	23,752	27,169	38,271	10,425	15,672	21,503
<i>of which, counterparty credit risk</i>	2,979	7,168	1,482	2,979	7,168	1,482
Exposures to corporates	14,411	10,928	10,307	693,945	703,122	519,612
Retail exposures	3,029	3,502	6,419	3,029	3,502	6,419
Exposures in default	913,299	899,579	699,378	216,831	211,729	225,837
Exposures in the form of covered bonds	8,524	10,146	19,990	8,524	10,146	19,990
Other items	12,446	25,626	19,781	61,560	56,637	50,509
Credit risk (standardised approach)	975,461	976,950	794,146	994,314	1,000,808	843,870
Market risk (foreign exchange risk-standardised approach)	2,276	2,126	3,002	2,276	2,126	3,002
Operational risk (basic indicator approach)	208,058	208,058	140,220	60,457	60,457	47,761
Credit valuation adjustment (standardised approach)	-	53	-	-	53	-
Total own funds requirement – Pillar 1	1,185,795	1,187,187	937,368	1,057,047	1,063,445	894,632
Pillar 2						
Concentration risk	83,631	82,671	20,880	83,631	82,671	20,880
Interest rate risk in the banking book	61,127	71,453	36,113	61,127	71,453	36,113
Pension risk	4,106	5,358	-	-	-	-
Other Pillar 2 risks	24,110	23,656	19,054	24,876	24,421	19,053
Total own funds requirement – Pillar 2	172,974	183,138	76,047	169,634	178,546	76,047
Capital buffers						
Capital conservation buffer	370,561	370,996	292,927	330,327	332,326	279,572
Countercyclical buffer	2,453	2,456	-	6,607	5,876	-
Total own funds requirement – Capital buffers	373,014	373,452	292,927	336,934	338,202	279,572
Total own funds requirements	1,731,783	1,743,777	1,306,342	1,563,614	1,580,193	1,250,251

The own funds for the Company's consolidated situation totalled SEK 2,260m (2,258) as at 31 March 2016, exceeding the own funds requirements by a good margin.

Note 3 Capital adequacy, cont.

Capital requirements and capital buffers

Regulation (EU) No 575/2013 of the European Parliament and the Council requires credit institutions to maintain Common Equity Tier 1 capital of at least 4.5 per cent, Tier 1 capital of at least 6 per cent, and a total capital ratio (capital in relation to risk exposure amount) of 8 per cent. Credit institutions are also required to maintain specific capital buffers. Hoist Finance is currently required to maintain a capital conservation buffer of 2.5 per cent of the total risk exposure amount

and an institution-specific countercyclical buffer of 0.02 per cent of the total risk exposure amount. The table below shows CET1 capital, Tier 1 capital and the total capital ratio for Hoist Finance and for the regulated entity Hoist Kredit. The table also shows the institution specific CET1 capital requirements. All capital ratios exceed the minimum requirements and capital buffer requirements by a good margin of safety.

Capital ratios and capital buffers, %	Hoist Finance consolidated situation			Hoist Kredit AB (publ)		
	31 Mar 2016	31 Dec 2015	31 Mar 2015	31 Mar 2016	31 Dec 2015	31 Mar 2015
Common Equity Tier 1 capital ratio	12.34	12.32	14.33	14.61	14.48	16.33
Tier 1 capital ratio	12.96	12.94	15.13	15.31	15.18	17.16
Total capital ratio	15.25	15.21	17.13	17.87	17.71	19.16
Institution-specific buffer requirements for CET1 capital	7.02	7.02	7.02	7.05	7.04	7.00
of which, capital conservation buffer requirement	2.50	2.50	2.50	2.50	2.50	2.50
of which, countercyclical capital buffer requirement	0.02	0.02	-	0.05	0.04	-
Common Equity Tier 1 capital available to meet buffers¹⁾	6.96	6.94	9.13	9.31	9.18	11.16

1) CET1 ratio as reported, less minimum requirement of 4.5 per cent (excluding buffer requirements) and less any CET1 items used to meet the Tier 1 and total capital requirements.

Internally assessed capital requirement

The internally assessed capital requirement for Hoist Finance consolidated situation totalled SEK 1,359m (1,370) at 31 March 2016 of which 173 million (183) is attributable to Pillar 2. In 2015, the Swedish

Financial Supervisory Authority introduced new methods for assessing credit-related concentration risk, interest rate risk in the banking book and pension risk. This has entailed an increase in Pillar 2 capital requirements.

Note 4 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 being unable to meet payment obligations, without a significant increase in the cost of obtaining means of payment.

Because the Group's revenues and costs are relatively stable, liquidity risk is primarily associated with the Group's funding which is based on deposits from the public and the risk of major outflows of deposits on 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 amounts of liquid assets or immediately divestible assets to ensure timely satisfaction of its payment obligations without incurring significantly higher costs.

Funding primarily takes the form of deposits from the public and the issuance of senior unsecured bonds and own funds instruments, as well as shareholders' equity. The majority of deposits from the public are payable on demand (variable deposits - floating), while about 32 per cent (39) of the Group's deposits from the public are tied to longer maturities ("fixed deposits") ranging from 12 to 36 months. About 99 per cent of deposits are backed by the deposit guarantee scheme.

Funding	Hoist Finance consolidated situation			Hoist Kredit AB (publ)		
	31 Mar 2016	31 Dec 2015	31 Mar 2015	31 Mar 2016	31 Dec 2015	31 Mar 2015
SEK thousand						
Deposits from the public, floating	8,786,028	8,226,925	7,454,529	8,786,028	8,226,925	7,454,529
Deposits from the public, fixed	4,180,688	4,564,452	4,862,725	4,180,688	4,564,452	4,862,725
Senior unsecured debt	986,259	1,238,469	1,463,821	986,259	1,238,469	1,463,821
Convertible debt instruments	93,000	93,000	93,000	93,000	93,000	93,000
Subordinated liabilities	338,006	336,892	333,768	338,006	336,892	333,768
Shareholders' equity	2,286,036	2,195,760	2,032,654	2,151,698	2,037,994	1,913,791
Other	734,879	795,979	608,343	261,426	555,407	285,834
Balance sheet total	17,404,896	17,451,477	16,848,840	16,797,105	17,053,139	16,407,468

Note 4 Liquidity risk, cont.

The Group's treasury policy stipulates limits on how much liquidity is to be available and its nature. As 31 March, available liquidity totalled SEK 5,266m (5,156), which is well in excess of the limit.

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

Liquidity reserve

SEK thousand	31 Mar 2016	31 Dec 2015	31 Mar 2015
Cash and holdings in central banks	198	281	367
Deposits in other banks available overnight	1,152,972	799,199	1,875,115
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	1,377,805	1,181,728	339,898
Securities issued or guaranteed by municipalities or other public sector entities	1,669,029	1,896,099	2,469,229
Covered bonds	1,065,496	1,268,214	2,498,773
Securities issued by non-financial corporates	-	-	-
Securities issued by financial corporates	-	10,000	149,940
Other	-	-	-
Total	5,265,500	5,155,521	7,333,322

Hoist Finance has a contingency funding plan for managing liquidity crises. This identifies specific events that may trigger the contingency plan and actions to be taken. These events may include:

- » An unexpected outflow from HoistSpar of over 20% of total deposits over a 30-day period
- » Termination or revocation of funding sources in excess of SEK 50m

Note 5 Pledged collateral

SEK million	Group			Parent Company		
	31 Mar 2016	31 Dec 2015	31 Mar 2015	31 Mar 2016	31 Dec 2015	31 Mar 2015
Pledges and comparable collateral for own liabilities and for reported commitments for provisions	-	-	-	646	639	1,857

Note 6 Contingent liabilities

SEK million	Group			Parent Company		
	31 Mar 2016	31 Dec 2015	31 Mar 2015	31 Mar 2016	31 Dec 2015	31 Mar 2015
Commitments						
Other contingent liabilities	352,959	483,952	279,420	273,801	342,676	188,653

Assurance

The Board of Directors and the CEO hereby give their assurance that the interim financial statements 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, 28 April 2016

Ingrid Bonde
Chair of the Board

Liselotte Hjorth
Board member

Annika Poutiainen
Board member

Per-Eric Skotthag
Board member

Costas Thoupos
Board member

Gunilla Wikman
Board member

Jörgen Olsson
CEO
Board member

A guide to our interim report

Operating income statement, Group

SEK thousand	Quarter 1 2016	Quarter 1 2015
Gross cash collections on acquired loan portfolios	1,055,794	790,735
Portfolio amortisation and revaluation	-482,533	-358,925
Interest income from run-off consumer loan portfolio	2,389	3,119
Net revenue from acquired loan portfolios	575,650	434,929
Fee and commission income	29,870	47,616
Profit from shares and participations in joint ventures	28,705	15,350
Other income	3,287	3,508
Total revenue	637,512	501,403
Personnel expenses	-167,612	-145,711
Collection costs	-117,637	-107,373
Other operating expenses	-106,549	-80,507
Depreciation and amortisation of tangible and intangible assets	-11,814	-9,017
Total operating expenses	-403,612	-342,608
Operating profit (EBIT)	233,900	158,795
Funding		
Interest income excl. run-off consumer loan portfolio	-1,714	10,700
Interest expense	-70,179	-92,621
Net income from financial transactions	-35,255	-22,689
Total financial items	-107,148	-104,610
Profit before tax	126,752	54,185

Statutory income statement, Group

SEK thousand	Quarter 1 2016	Quarter 1 2015
Revenue from acquired loan portfolios	573,261	431,810
Interest income	675	13,819
Interest expense	-70,179	-92,621
Net interest income	503,757	353,008
Fee and commission income	29,870	47,616
Net income from financial transactions	-35,255	-22,689
Other income	3,287	3,508
Total operating income	501,659	381,443
General administrative expenses		
Personnel expenses	-167,612	-145,711
Other operating expenses	-224,186	-187,880
Depreciation and amortisation of tangible and intangible assets	-11,814	-9,017
Total operating expenses	-403,612	-342,608
Profit before credit losses	98,047	38,835
Net credit losses	-	-
Earnings from participations in joint ventures	28,705	15,350
Profit before tax	126,752	54,185

Hoist Kredit supplements its statutory presentation of the income statement with an operating income statement in order to assess the operational performance of the debt purchasing and collection operations and to facilitate comparison with our competitors.

The operating income statement does not include any amendments or adjustments compared with the statutory income statement. The same accounting and valuation principles are applied in both versions.

Hoist Kredit regards the acquisition and management of acquired loan portfolios as the Group's core operational activity. Deposit-taking in HoistSpar is thus part of the Group's financing activity.

An outline guide is presented to the left in order to assist understanding of our financial performance presented in the statutory income statement as compared with the operating income statement.

The statutory income statement complies with the Swedish Financial Supervisory Authority's general recommendations FFFS 2008:25

Operating profit, EBIT in the operating income statement

In an analysis of the Group's EBIT, income and expenses attributable to the acquisition and management of loan portfolios, run-off consumer loan portfolios, fee and commission income, profit from joint ventures as well as general administration are regarded as our operational activity.

Interest expenses for deposit-taking are regarded as financing expenses.

Definitions

Acquired loan portfolios

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

Acquired loans

The total of acquired loan portfolios, run-off consumer loan portfolios and shares and participations in joint ventures.

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.

Average number of employees

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

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.

Cost/Gross cash collections on acquired loan portfolios

Operating expenses less fee and commission income and other income, divided by the sum of gross cash collections and income from the run-off consumer loan portfolios.

EBIT

Earnings Before Interest and Tax.

EBIT margin

EBIT (operating earnings) divided by total revenue.

Fee and commission income

Fees for providing debt management services to third parties.

Gross ERC 120 months

"Estimated Remaining Collections" assessment of gross amount that can be collected on the loan portfolios that the company currently owns. The assessment is based on estimates for each loan portfolio and ranges in duration from the proceeding month to 120 months ahead. The estimates for each loan portfolio are in turn based on the company's extensive experience of actively working and collecting on the loan portfolios during their economic life.

Gross cash collections

Gross cash flow from the Group's customers on loans included in the Group's acquired loan portfolios.

Legal collections

Legal collections relate to the cash received following the initiation of Hoist Kredit's Litigation process. This process assesses those customers with the means to pay and is followed through a regulatory environment and court enforcement process.

Net revenue from acquired loans

The sum of gross cash collections from acquired loan portfolios and income from the run-off consumer loan portfolio, less portfolio amortisation and revaluation.

Own funds

Sum of Tier 1 capital and Tier 2 capital.

Portfolio amortisation

The share of gross collections that will be used for amortising the carrying value of acquired loan portfolios.

Portfolio return

EBIT (operating profit) for the period in relation to average carrying value.

Portfolio revaluation

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

Non-performing loans

An originator's loan is non-performing as at the balance sheet date if it is past due or will be due shortly.

Return on shareholders' equity

Net profit for the period divided by average shareholders' equity during the period.

Return on assets

Net profit for the period divided by average total assets.

Risk exposure amount

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

SME

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

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 own funds.

Total capital ratio

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

Total revenue

Total of net revenue from acquired loan, fee and commission income, profit from joint ventures and other income.

Business concept, business model and strategies

Hoist Kredit's business model is designed to ensure continuity and to deliver both growth and long-term strategic initiatives. Our model is hallmarked by solution-oriented settlements with respect, confidence and trust in everything we do.

Hoist Kredit is a trusted debt restructuring partner to international banks and financial institutions. We specialise in purchasing portfolios of nonperforming loans.

Our Mission – Your Trust

Our Vision

To become the leading debt restructuring partner to international banks and financial institutions.

Strategic objectives

Preferred by customers	Be customer-centric, with a focus on amicable and fair settlements.
Preferred partner	Be trustworthy with unparalleled funding capacity.
Attractive to investors	Redefine industry standards with our disciplined approach & ambitious targets.
Best place to work	Build an extraordinary company with extraordinary people.
CSR	Integrate CSR into everything we do and continue to build trust with all our stakeholders.

Financial calendar 2016

Annual General Meeting	29 April 2016
Interim report Q1	29 April 2016
Interim report Q2	28 July 2016
Interim report Q3	28 October 2016

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.

Contact

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