

Interim report Q2 2016

April – June 2016

- » Gross cash collections on acquired loan portfolios increased 29 per cent to SEK 1,076m (834).
- » Total revenue increased 21 per cent to SEK 655m (539).
- » Reported EBIT was SEK 239m (162) and the EBIT margin was 37 per cent (30).
- » Profit before tax totalled SEK 133m (55).
- » Portfolio acquisitions totalled SEK 507m (665).

Figures in parentheses refer to Q2 2015.

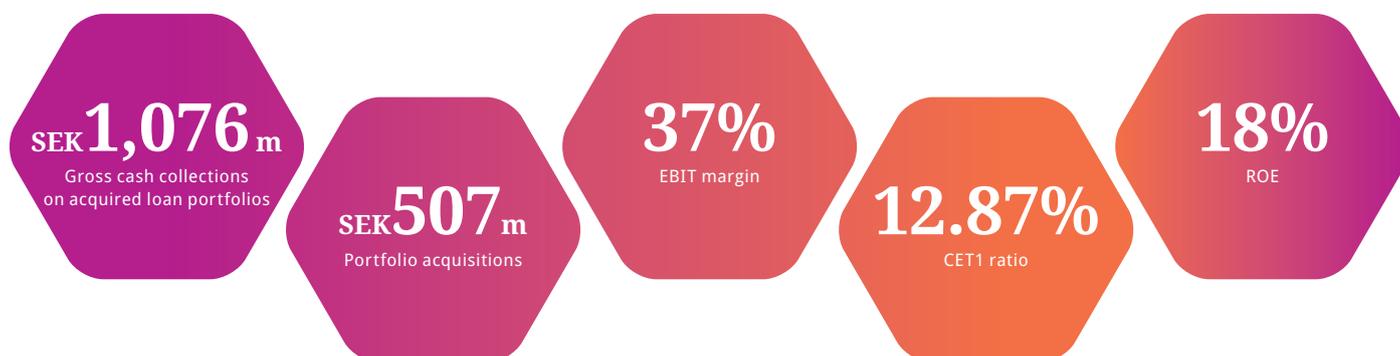
30 June 2016

- » Carrying value on acquired loan portfolios totalled SEK 11,360m (11,279).
- » Gross 120-month ERC (Estimated Remaining Collections) totalled SEK 19,230m (19,367).
- » The total capital ratio improved to 15.73 per cent (15.21).
- » The CET1 capital ratio was 12.87 per cent (12.32).

Figures in parentheses refer to 31 December 2015.

Events during the quarter

- » Hoist Kredit AB (publ) was assigned a Ba2 credit rating, subsequently upgraded to a Ba1 credit rating with a stable outlook, from Moody's Investors Service.
- » Hoist Kredit established a presence in the Spanish market.
- » A partnership was entered into with the Bank of Greece.



SEK million	Quarter 2 2016	Quarter 2 2015	Change, %	Jan-June 2016	Jan-June 2015	Change, %
Gross cash collections on acquired loan portfolios	1,076	834	29	2,132	1,625	31
Net revenue from acquired loan portfolios	608	477	28	1,184	912	30
Total revenue	655	539	21	1,293	1,041	24
EBIT	239	162	47	473	321	47
EBIT margin, %	37	30	7 pp	37	31	6 pp
Profit before tax	133	55	>100	260	109	>100
Net profit	107	45	>100	205	88	>100
Portfolio acquisitions	507	665	-24	1,155	938	23

SEK million	30 June 2016	31 Dec 2015	Change, %
Carrying value on acquired loan portfolios ¹⁾	11,359	11,279	1
Gross 120-month ERC ²⁾	19,230	19,367	-1
Return on equity, %	18	15	3 pp
Total capital ratio, %	15.73	15.21	0.5 pp
CET1 ratio, %	12.87	12.32	0.6 pp
Liquidity reserve	6,785	5,156	32
Number of employees (FTEs) ³⁾	1,358	1,349	1

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

²⁾Excluding run-off consumer loan portfolio and portfolios held in the Polish joint venture. For detailed information on this key ratio, see Definitions.

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 and therefore 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 part of the financial group of companies for which Hoist Finance AB (publ) ("Hoist Finance") is the parent company.

The information in this interim report is such that Hoist Kredit is obligated to publish under the EU Market Abuse Regulation and the Swedish Securities Market Act. This information was submitted for publication on 28 July 2016 at 8:00 AM CET.

An eventful quarter with establishment in Spain, obtaining a credit rating and a successful issue in the capital market.

We have now reached the halfway mark in 2016 and our strong and stable journey continues toward becoming the leading business partner for international banks and financial institutions. Compared with the year-earlier period, gross cash collections on acquired loan portfolios increased by 29 per cent, EBIT by 47 per cent and profit before tax by 144 per cent. Excluding non-recurring expenses during the quarter, profit before tax totalled SEK 146m – a three-fold year-on-year increase.

Credit rating and successful issue in the bond market

During the quarter, yet another building block was added to our company in the form of a credit rating of Ba1 from Moody's Investors Service (Moody's). In Moody's objective analysis of Hoist Kredit, they recognised our extensive experience of debt management in Europe, where we have been operating for over 22 years. They also recognised our stable finances in the form of strong capital adequacy and a favourable liquidity position. The credit rating has enabled us to diversify our financing to a greater extent, and during the second quarter we implemented a successful issue in the amount of EUR 250m under our newly established EMTN programme. A portion of our outstanding bonds was repurchased in conjunction with this, which was tied to non-recurring expenses of about SEK 22m.

Stable development in all regions

On the regional level, all regions reported improved year-on-year EBIT results. In Region West Europe, our increased focus and the activities conducted during the quarter produced results, reflected in improvements to EBIT, EBIT margin and return on book.

Establishment in two new markets

Early in the quarter we announced a strategic partnership with the Bank of Greece, covering the management and administration of the assets of 16 Greek banks in liquidation. Under the agreement, we will work with two partners to assist the Bank of Greece in recovering non-performing loans.

During the quarter, we also had the pleasure of announcing our establish-



ment in the Spanish market, which we regard as yet another milestone in our history. Spain is one of Europe's largest debt markets and a market that we have been monitoring for quite some time.

High market activity with fewer acquisitions

Acquisitions during the second quarter totalled SEK 507m, down 24 per cent year-on-year. We are seeing an increase in supply in several of the countries in which we have a presence, while also noting higher price competition. While we are well positioned to grow in this market, we will continue to be one of the industry's more disciplined players and ensure that we acquire portfolios at attractive levels in terms of both profitability and risk. Through our competitive financing, our geographic presence and our long experience, we are well prepared to acquire major portfolios in the banking and finance sector and we will continue to generate profitable growth for our shareholders. For the full-year, our target of maintaining an acquisition volume in line with the past three years remains in place.

Referendum on the UK's membership in the EU

During the quarter, a referendum was held on the UK's membership in the EU. Hoist Kredit Region West Europe mainly comprises our operations in the UK, and is it difficult to predict how the Brits' indicative vote will affect us in the long term. Hoist Kredit's operations in the UK generate revenues and incur



expenses in GBP, which partly mitigates currency effects associated with a British exit from the EU. We have a strategy of minimising interest-rate and currency risks, and in the immediate horizon, we are hedged against currency and interest-rate fluctuations.

Outlook

We are maintaining a steady course, and have continued to develop our offering and build our position as the leading debt restructuring partner to international banks and financial institutions. This results in deeper and closer relationships with our partners, whose understanding is increasing in terms of the expertise we provide and ways we can help them achieve greater returns on non-performing assets. Our success is achieved through our working practices, which provide us with a solid understanding of our customers' circumstances that allows us to focus on reaching constructive agreements.

The quarter's performance confirms Hoist Kredit's growth aspirations and our ambitious yet attainable targets for the full-year and beyond.

Jörgen Olsson
CEO
Hoist Kredit AB (publ)

Second quarter 2016

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

Revenues

Total revenue rose 21 per cent to SEK 655m (539) and gross cash collections on acquired loan portfolios increased 29 per cent to SEK 1,076m (834). The increase was mainly due to the large portfolio acquisitions made in the second half of 2015, including the acquisition of Compello Holding Ltd. Portfolio acquisitions totalled SEK 507m (665) during the current quarter, mainly attributable to significant acquisitions in Spain, Poland and Germany.

Portfolio amortisation and revaluation increased alongside gross cash collection to SEK 471m (360). Negative portfolio revaluations of SEK 11m (6) are also included. Net revenue from acquired loan portfolios consequently increased by 28 per cent to SEK 608m (477).

Fee and commission income declined by 31 per cent to SEK 29m (42). 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 participations in joint ventures was in line with the second quarter of 2015 and totalled SEK 15m (15). In addition to Hoist Kredit AB's (publ) ownership stake (50%) in the Polish fund "BEST III", Hoist Kredit AB's (publ) ownership stake (33%) in "PQH Single Special Liquidation SA" – a Greek company providing advisory services – is also included as of the second quarter. As anticipated, Hoist Kredit's revenues from the Greek market is currently limited.

Operating expenses

Personnel expenses increased 8 per cent to SEK 165m (152), which is mainly due to an increased average number of employees in the Group. The increase is primarily attributable to the business acquisition in the UK during the third quarter of 2015, as well as the Company's expansion of self-run collection platforms in Poland, among other places. Collection expenses decreased 6 per cent to SEK 141m (150), and the comparative figure for Q2 2015 was heavily impacted by targeted initiatives related to a particular portfolio in the UK. Dur-

ing the second quarter of 2016, certain Italian banking expenses that are variable and directly linked to collections were reclassified from Other operating expenses to Collection expenses. Comparative figures have been restated to reflect this update.

Other operating expenses increased 48 per cent during the second quarter to SEK 99m (67) due to such factors as the two establishments that have been added in Milton Keynes in the UK and Gdansk in Poland.

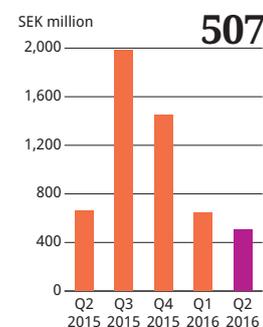
Financial items

Financial items as per the Company's operating income statement totalled SEK –106m (–108). Interest income (exclusive of run-off consumer loan portfolio) totalled SEK –2m (6). The negative interest on income is due to the prevailing interest rates, under which Treasury bills and similar securities, which comprise the majority of Hoist's liquidity portfolio, no longer offer positive returns.

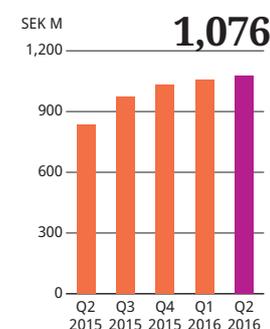
Interest expense totalled SEK 73m (93) and is mainly comprised of interest expense related to HoistSpar deposits and interest expenses for issued bonds. Interest expense for HoistSpar deposits decreased year-on-year to SEK 34m (49). Since deposit volumes are comparable, the change is affected by lower interest-rate levels, which are amplified by a greater proportion of variable-rate deposits (Sparkonto Flex). Interest expenses for company-issued bonds increased to SEK 19m (16), due to an increase in the volume of issued bonds.

Net income from financial transactions totalled SEK –31m (–21). Hoist Kredit regularly hedges interest-rate and currency risks through derivatives, currently on a short- and medium-term horizon. Profits from hedging instruments, market-value changes and currency fluctuations are included in Net income from financial transactions. During the second quarter, the UK voted to leave the European Union, which caused turbulence in the financial markets. Consequently, interest rates are expected to remain low for an extended period, which impacted the market valuation of Hoist Kredit's interest derivatives by a total of SEK

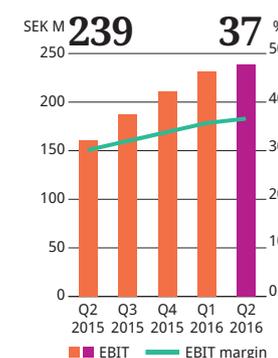
Portfolio acquisitions



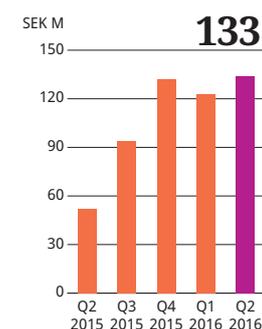
Gross cash collections



EBIT and EBIT margin



Profit before tax



–5m during the second quarter. However, this was offset by positive market-value changes on bonds in the amount of SEK 8m. Further consequences include the sharp decline in the GBP against currencies including the SEK. As a result of the aforementioned hedging positions, the direct impact on earnings of this decline is relatively limited and Net income from financial transactions during the second quarter totalled SEK –12m, which was attributable to currency fluctuations. The second quarter also included extensive buybacks of company-issued bonds, which were carried out alongside the issue of a new EUR-denominated bond. The buybacks, which aim to improve diversification and achieve better matching of currencies and terms, gave rise to nonrecurring expenses of SEK 22m, which were included in the quarter's Net income from financial transactions.

Balance sheet

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

Assets

Total assets increased SEK 1,308m to SEK 18,919m (17,611). Bonds and other securities increased SEK 679m and Treasury bills and Treasury bonds rose SEK 515m, which was primarily attributable to the contribution from the issue of unsecured bonds. Acquired loan portfolios increased SEK 58m, lending to credit institutions rose SEK 174m and the carrying value of participations in joint ventures increased SEK 35m. These increases are offset by a SEK –192m 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 16,529m (15,402). The change comprises an increase of SEK 1,395m in senior unsecured debts as the result of buybacks and the issue of bond loans. The increase was offset by a SEK –108m decline in deposits from the public and a SEK –163 decrease in other liability items.

Funding and capital debt

SEK million	30 June 2016	31 Dec 2015	Change, %
Cash and interest bearing securities	6,545	5,177	26
Other assets ¹⁾	12,373	12,434	0
Total assets	18,919	17,611	7
Deposits from the public	12,684	12,791	–1
Subordinated liabilities	339	337	1
Senior unsecured debt	2,633	1,238	>100
Total interest-bearing liabilities	15,656	14,366	9
Other liabilities ¹⁾	873	1,036	–16
Shareholders' equity	2,390	2,209	8
Total liabilities and shareholders' equity	18,919	17,611	7

SEK million	30 June 2016	31 Dec 2015	Change, %
CET1 ratio, %	12.87	12.32	0.6 pp
Total capital ratio, %	15.73	15.21	0.5 pp
Liquidity reserve	6,785	5,156	32
Acquired loans			
Carrying value of acquired loans ²⁾	11,360	11,279	1
Gross 120-month ERC ³⁾	19,230	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 the Polish joint venture.

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

Hoist Kredit funds its operations through deposits from the public and through the bond market. Deposits from the public totalled SEK 12,684m (12,791). Of this amount, SEK 4,263m is attributable to fixed term deposits of 12-, 24- and 36-month durations.

As at 30 June 2016, outstanding bond debt totalled SEK 2,633m (1,238). Group equity was SEK 2,390m (2,209).

The total capital ratio improved to 15.73 per cent (15.21) and the CET1 ratio to 12.87 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 6,785m (5,156).

During the quarter Hoist Kredit issued a senior, unsecured bond loan in the amount of EUR 250m with a duration of 3.5 years under a newly established EMTN programme. The bond is listed on the Dublin stock exchange and provides a natural form of currency protection since the assets are largely denominated in EUR.

In conjunction with this transaction, nominal amount of SEK 667m in previously issued senior bonds was repurchased through a public offering (denominated in SEK and EUR). All repurchased bonds were annulled. Following a change in the terms and conditions of outstanding additional Tier 1 capital instruments, these were converted to subordinated loss-absorbing debt instruments, from being classified as subordinated convertible debt instruments. The change in terms and conditions became effective at 30 June 2016.

Cash flow

Comparative figures refer to Q2 2015

SEK million	Quarter 2 2016	Quarter 2 2015	Jan-June 2016	Jan-June 2015
Cash flow from operating activities	–43	276	167	1,430
Cash flow from investing activities	–921	–654	–725	–1,438
Cash flow from financing activities	1,567	–8	1,247	740
Cash flow for the period	603	–386	689	731

Cash flow from operating activities totalled SEK –43m (276). HoistSpar deposit volumes decreased SEK –310m (412) during the second quarter, largely attributable to the outflow of non-fixed deposits, which was somewhat offset by inflows of fixed-term deposits with durations of 24 and 36 months. Cash flow from gross cash collections on acquired loan portfolios increased to SEK 1,076m (834) due to the increased volume of loan portfolios. Portfolio acquisitions during the quarter, excluding translation differences, totalled SEK 507m, compared

with SEK 665m during the second quarter of 2015. Cash flow from investing activities totalled SEK –921m (–654), primarily as a result of investments of SEK 888m (–651) in bonds and other interest-bearing securities from funds raised from bond debt in June. An additional purchase consideration in the amount of SEK 25m was also paid during the quarter for the acquisition of Hoist Polska SpZ.O.O.

Cash flow from financing activities totalled SEK 1,567m (–8) and is primarily attributable to a bond debt issued by Hoist Kredit in the amount of SEK 2,278m decreased by the repurchase of a previously issued bond debt in the amount of SEK 704m, including transaction costs.

Total cash flow for the quarter totalled SEK 603m, as compared with SEK –386m in the second quarter of 2015.

Significant risks and uncertainties

Hoist Kredit's 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, implementation has been under way on a new risk 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 12.87 per cent (12.32), well in excess of the regulatory requirement. The company is thus well capitalised for continued expansion.

Hoist Kredit's liquidity reserve totalled SEK 6,785m (5,156), which exceeds the company's target. The Group thus maintains a strong liquidity position.

During the quarter, an indicative vote was held on the UK's membership in the EU, the result of which indicates that the UK may leave the EU. Since Hoist Kredit conducts business in the UK, this also affects Hoist Kredit and yields greater uncertainty concerning such issues as free-trade agreements and legal matters. Since Hoist Kredit hedges against both currency and interest-rate risks, currency and interest-rate fluctuations only have a marginal impact on Hoist Kredit from a short-term perspective.

Other information

Parent Company

The Parent Company Hoist Kredit AB (publ) reported a pre-tax profit of SEK 58m (129) for Q2 2016. Net revenue from acquired loan portfolios increased SEK 43m year-on-year due to increased acquisition volumes.

Interest expense decreased SEK 19m during the second quarter, due mainly to lower interest on deposits from the public despite increased volumes and in line with the prevailing market situation. Buybacks of issued bonds, conducted regularly during 2015 and the first six months of 2016, also resulted in reduced interest expense.

Market value changes were reclassified from Net interest income to Net income from financial transactions as of Q1 2016. Comparative figures have been restated to reflect this change. Italian bank expenses were reclassified from Other operating expenses to Collection expenses as of Q2 2016.

Comparative figures were restated to reflect this change.

Net income from financial transactions totalled SEK –33m (–15) and is comprised primarily of market value changes on interest rate swaps.

Since January 2016, SEK 281m and EUR 72m of issued bonds have been repurchased.

Hoist Kredit issued a guarantee to subsidiary Hoist Finance Service AB during the quarter.

A new loan of SEK 65m to Hoist Finance AB (publ) was issued in connection with the dividend distribution to the Company's shareholders.

Related-party transactions

The nature and scope of related-party transactions are described in the annual report. No significant transactions between Hoist Kredit and any of its related parties took place during the second quarter.

Group structure

Hoist Kredit AB (publ) ("Hoist Kredit") is a wholly owned subsidiary of Hoist Finance AB (publ), corporate identity number 556012-8489, a Swedish publicly traded limited company head-quartered in Stockholm, Sweden. Hoist Finance AB (publ) has been listed on NASDAQ Stockholm since March 2015. Hoist Kredit, corporate identity number 556329-5699, is the parent company of the Hoist Kredit Group. The company is head-quartered in Stockholm, Sweden.

Hoist Kredit acquires and holds much of the Group's loan portfolios, and the loans are managed by its subsidiaries or foreign branches. These entities also provide management services on a commission basis to external parties. The Company operates businesses in Brussels and Amsterdam through foreign branches. For a more detailed description of the Group's legal structure, please refer to the 2015 annual report.

During the second quarter, in partnership with Qualco S.A. ("QC") and PricewaterhouseCoopers Business Solutions S.A. ("PwC"), Hoist Kredit 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 assets. Operations in Greece will be conducted through the Greek company PQH Special Liquidation SA, which is owned in equal share by Hoist Kredit, QC and PwC. Accordingly, this joint venture was added to the Group during the second quarter.

Review

This interim report has been reviewed by the Company's auditors.

Quarterly review

Segment reporting

SEK thousand	Quarter 2 2016	Quarter 1 2016	Quarter 4 2015	Quarter 3 2015	Quarter 2 2015
Gross cash collections on acquired loan portfolios	1,075,877	1,055,974	1,032,221	973,978	834,098
Portfolio amortisation and revaluation	-470,902	-482,533	-469,138	-437,968	-360,477
Interest income from run-off consumer loan portfolio	3,391	2,389	1,550	2,513	2,994
Net revenue from acquired loan portfolios	608,366	575,650	564,633	538,523	476,615
Fee and commission income	28,983	29,870	39,351	37,990	41,747
Earnings from shares and participations in joint ventures	14,636	28,705	13,868	10,674	14,946
Other income	3,258	3,287	4,149	4,193	6,111
Total revenue	655,243	637,512	622,001	591,380	539,419
Personnel expenses	-164,689	-167,612	-180,741	-164,201	-151,827
Collection costs ¹⁾	-140,816	-121,655	-107,284	-143,337	-149,519
Other operating expenses ¹⁾	-98,659	-102,531	-101,100	-89,516	-66,757
Depreciation and amortisation of tangible and intangible assets	-11,904	-11,814	-9,955	-11,677	-9,048
Total operating expenses	-416,068	-403,612	-399,080	-408,731	-377,151
EBIT	239,175	233,900	222,921	182,649	162,268
Interest income excl. run-off consumer loan portfolio ²⁾	-1,687	-1,714	6,437	5,751	6,132
Interest expense	-73,324	-70,179	-85,774	-90,100	-92,875
Net income from financial transactions ²⁾	-30,903	-35,255	515	-8,764	-20,821
Total financial items	-105,914	-107,148	-78,822	-93,113	-107,564
Profit before tax	133,261	126,752	144,099	89,536	54,704

1) Comparative figures have been adjusted due to the reclassification of banking fees from Other operating expenses to Collection costs (Region Mid Europe).

2) 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 2 2016	Quarter 1 2016	Quarter 4 2015	Quarter 3 2015	Quarter 2 2015
EBIT margin, %	37	37	36	31	30
Return on book, % ¹⁾	11.1	10.7	11.2	10.3	10.3
Portfolio acquisitions	507	648	1,451	1,982	665

SEK million	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015
Carrying value of acquired loans ²⁾	11,359	11,346	11,279	10,639	9,040
Gross 120-month ERC ³⁾	19,230	19,221	19,367	18,082	15,316
Return on equity, %	18	17	15	12	10
Total capital ratio, %	15.73	15.25	15.21	15.66	15.28
CET1 ratio, %	12.87	12.34	12.32	12.98	12.58
Liquidity reserve	6,785	5,266	5,156	6,025	7,564
Number of employees (FTEs)	1,358	1,305	1,349	1,352	1,174

1) Excluding operating expenses in Central functions. For information on the calculation of key ratios, see Definitions.

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

3) Excluding run-off consumer loan portfolio and portfolios held in the Polish joint venture. For information on the calculation of key ratios, see Definitions.

Segment overview

Hoist Kredit purchases and manages receivables in ten 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. Comparative figures in the report have been adjusted according to the new segments.

Quarter 2, 2016

SEK thousand	Region West Europe	Region Mid Europe	Region Central East Europe	Central Functions and Eliminations	Group
Net revenue from acquired loan portfolios	226,900	195,957	185,509	-	608,366
Total revenue	244,277	197,904	198,557	14,505	655,243
Total operating expenses	-159,498	-92,855	-86,960	-76,755	-416,068
EBIT	84,779	105,049	111,597	-62,250	239,175
EBIT margin, %	35	53	56	-	37
Carrying value of acquired loan portfolios, SEKm ¹⁾	3,947	3,505	3,667	240	11,359
Gross 120-day ERC, SEKm ²⁾	7,067	5,844	6,319	-	19,230

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

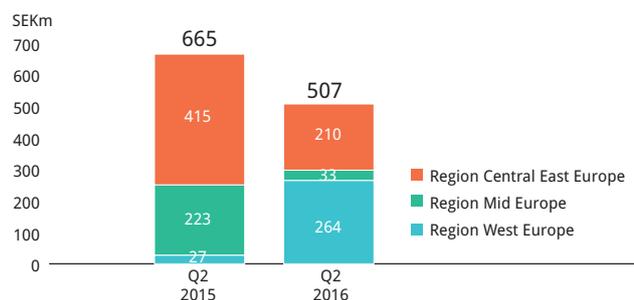
2) Excluding run-off consumer loan portfolio and portfolios held in the Polish joint venture. For information on the calculation of key ratios, see Definitions.

Distribution by segment

Carrying value, acquired loan portfolios,
30 June 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 in the following pages.

Our markets

Region West Europe

France, Spain and the UK

Revenues

Gross cash collections on acquired loan portfolios increased 68 per cent to SEK 316m (189) during the second quarter of 2016. Portfolio amortisation and revaluation totalled SEK 89m (34) during the quarter, with the increase attributable in its entirety to the significantly higher carrying value of the acquired loan portfolios. Negative portfolio revaluations totalling SEK 2m were conducted in Q2 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 four per cent to SEK 159m (154) during the second quarter. The increase was primarily due to higher Other operating expenses associated with both the acquired loan portfolio in Spain and the integration of the Compello portfolio. Total operating expenses benefited from the

currency trend, which was advantageous from a cost perspective.

Profitability

EBIT

The segment's EBIT totalled SEK 85m (31) for the quarter with a corresponding EBIT margin of 35 per cent (17).

Return on book

The segment's return on book for the second quarter of 2016 was 8.7 (5.3). The improvement, which is pronounced even as compared with the previous quarter, was supported by increased collections in France and the intensification of collection activities associated with the Compello portfolio.

Acquisitions

Acquisitions during the quarter totalled SEK 264m, due to significantly higher acquisition activity year-on-year. The second quarter also

included the establishment in Spain, through a first portfolio acquisition.

The carrying value of acquired loan portfolios increased to SEK 3,947m (3,883). Gross ERC increased to SEK 7,067m (6,973).

Other

Hoist Kredit has as of today not observed any direct impact from the referendum on the UK's EU membership, in either collection levels or the market availability of loan portfolios.

Earnings trend*

SEK thousand	Quarter 2 2016	Quarter 2 2015	Change, %	Jan-Jun 2016	Jan-Jun 2015	Change, %	Full-year 2015
Gross cash collections on acquired loan portfolios	315,863	188,508	68	618,292	366,234	69	935,880
Portfolio amortisation and revaluation	-88,963	-33,915	162	-219,180	-86,137	154	-351,476
Net revenue from acquired loan portfolios	226,900	154,593	47	399,112	280,097	42	584,404
Fee and commission income	17,377	29,014	-40	36,329	63,999	-43	114,846
Other income	-	1,068	-100	-	1,074	-100	1,152
Total revenue	244,277	184,675	32	435,441	345,170	26	700,402
Personnel expenses	-54,577	-54,444	0	-121,205	-106,557	14	-237,937
Collection costs	-74,088	-83,169	-11	-124,660	-133,519	-7	-214,681
Other operating expenses	-27,627	-14,914	85	-59,955	-34,158	76	-102,522
Depreciation and amortisation of tangible and intangible assets	-3,206	-1,183	171	-6,709	-2,641	154	-6,931
Total operating expenses	-159,498	-153,710	4	-312,529	-276,875	13	-562,071
EBIT	84,779	30,965	174	122,912	68,295	80	138,331
EBIT margin, %	35	17	18 pp	28	20	8 pp	20
Return on book, %	8.7	5.3	3.4 pp	6.3	5.9	0.3 pp	4.5
Expenses/Gross cash collections on acquired loan portfolios, %	45	66	-21 pp	45	58	-13 pp	48
Carrying value of acquired loan portfolios, SEKm	3,947	2,336	69	N/A	N/A	-	3,883
Gross 120-month ERC, SEKm	7,067	4,148	70	N/A	N/A	-	6,973

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

Region Mid Europe

Belgium, Greece, Italy and the Netherlands

Revenues

Gross cash collections on acquired loan portfolios increased 19 per cent to SEK 399m (336) during the second quarter, and portfolio amortisation and revaluation increased to SEK 203m (176). A significant share of the increase in gross cash collections on acquired loan portfolios was attributable to Italy, where the growth of loan portfolios has been favourable. The increase in portfolio amortisation and revaluation was attributable to last year's strong growth. Negative portfolio revaluations totalling SEK 9m were conducted in Q2 and are included in the portfolio amortisation and revaluation amounts reported for the quarter.

Operating expenses

Total operating expenses for the second quarter increased 31 per cent to SEK 93m (71), primarily due to an increase in Other operating expenses which amounted to SEK 25m (10) and mainly derive from Italy and costs proportionate to the significantly higher gross cash collections during the quarter. Collection expenses increased seven per cent to SEK 38m (36) 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 105m (91) for the quarter with a corresponding EBIT margin of 53 per cent (56).

Return on book

The segment's return on book for the second quarter of 2016 was 11.8 per cent (13.0). Gross cash collections on acquired loan portfolios remain somewhat higher than forecast.

Acquisitions

The acquisition volume during the quarter totalled SEK 33m, down somewhat year-on-year. Acquisitions were conducted predominantly in the Netherlands, with some acquisitions in Belgium. In the Italian market, where acquisition volumes are lower than the year-earlier period, a positive market trend may lead to greater long-term supply.

The carrying value of acquired loan portfolios declined four per cent to SEK 3,505m (3,644) and gross ERC decreased to SEK 5,844m (6,179) since the turn of the year.

Other

Greece is included in Region Mid Europe as of Q2 2016. No loan portfolio acquisitions were conducted, and, as anticipated, revenues from services are limited.

Earnings trend*

SEK thousand	Quarter 2 2016	Quarter 2 2015	Change, %	Jan-Jun 2016	Jan-Jun 2015	Change, %	Full-year 2015
Gross cash collections on acquired loan portfolios	399,160	335,822	19	786,534	610,899	29	1,358,389
Portfolio amortisation and revaluation	-203,203	-175,939	15	-373,843	-312,341	20	-650,236
Net revenue from acquired loan portfolios	195,957	159,883	23	412,691	298,558	38	708,153
Fee and commission income	1,082	1,706	-37	2,226	2,913	-24	5,892
Profit from participations in joint ventures	438	-	100	438	-	100	-
Other income	427	330	29	874	675	29	1,385
Total revenue	197,904	161,919	22	416,229	302,146	38	715,430
Personnel expenses	-27,520	-22,970	20	-52,353	-45,262	16	-93,021
Collection costs ¹⁾	-38,392	-35,951	7	-83,829	-66,807	25	-160,775
Other operating expenses ¹⁾	-25,050	-10,185	146	-50,844	-21,419	137	-51,014
Depreciation and amortisation of tangible and intangible assets	-1,893	-1,809	5	-3,408	-3,589	-5	-6,786
Total operating expenses	-92,855	-70,915	31	-190,434	-137,077	39	-311,596
EBIT	105,049	91,004	15	225,795	165,069	37	403,834
EBIT margin, %	53	56	-3 pp	54	55	-1 pp	56
Return on book, %	11.8	13.0	-1.2	12.6	11.5	1.1	12.3
Expenses/Gross cash collections on acquired loan portfolios, %	23	21	2 pp	24	22	2 pp	22
Carrying value of acquired loan portfolios, SEKm	3,505	2,810	25	N/A	N/A	-	3,644
Gross 120-month ERC, SEKm	5,844	4,808	22	N/A	N/A	-	6,179

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

1) Comparative figures have been adjusted due to the reclassification of banking fees from Other operating expenses to Collection costs.

Region Central East Europe

Poland, Germany and Austria

Revenues

Gross cash collections on acquired loan portfolios increased 16 per cent to SEK 361m (310) during the second quarter. The increase was mainly attributable to an acquisition that was made in Poland in late 2015, as well as the sale of several secured assets in Germany. Portfolio amortisation and revaluation during the quarter amounted to SEK 179m (151), mainly due to higher gross collections on portfolios in Poland and to the above-referenced sale of secured assets in Germany. A few portfolio revaluations were conducted in Poland that had an overall neutral impact on earnings.

Operating expenses

Operating expenses rose six per cent to SEK 87m (82) year-on-year. The increase was mainly due to an increasing number of recruitments as the business grows in the region. Forty-two employees were added in Gdansk during the second quarter, which accounts for a portion of the increased personnel expenses.

Profitability

EBIT

The segment's EBIT totalled SEK 112m (95) for the quarter with a corresponding EBIT margin of 56 per cent (54). The improvement is primarily attributable to increased collections in Poland.

Return on book

The segment's return on book for the second quarter of 2016 was 12.2 per cent, which was higher than the preceding year (10.6). This is related to higher gross collections in both Germany and Poland.

Acquisitions

Acquisition volume during the quarter amounted to SEK 210m and derived from

Germany and from Poland, where activity remained high during the second quarter. Overall, acquired volumes for the segment were somewhat lower year-on-year.

The carrying value of acquired loan portfolios totalled SEK 3,667m (3,546), and gross ERC increased to SEK 6,319m (6,215) since the turn of the year.

Earnings trend*

SEK thousand	Quarter 2 2016	Quarter 2 2015	Change, %	Jan-Jun 2016	Jan-Jun 2015	Change, %	Full-year 2015
Gross cash collections on acquired loan portfolios	360,854	309,768	16	726,845	647,700	12	1,336,763
Portfolio amortisation and revaluation	-178,736	-150,623	19	-360,412	-320,924	12	-624,796
Interest income from run-off consumer loan portfolio	3,391	2,994	13	5,780	6,113	-5	10,176
Net revenue from acquired loan portfolios	185,509	162,139	14	372,213	332,889	12	722,143
Fee and commission income	10,524	11,027	-5	20,298	22,451	-10	45,967
Other income	2,524	3,429	-26	4,517	4,623	-2	12,176
Total revenue	198,557	176,595	12	397,028	359,963	10	780,286
Personnel expenses	-45,390	-40,989	11	-88,725	-82,080	8	-172,412
Collection costs	-28,336	-30,399	-7	-53,982	-58,651	-8	-134,142
Other operating expenses	-11,519	-8,710	32	-23,446	-17,070	37	-39,760
Depreciation and amortisation of tangible and intangible assets	-1,715	-1,833	-6	-3,605	-3,489	3	-7,195
Total operating expenses	-86,960	-81,931	6	-169,758	-161,290	5	-353,509
EBIT	111,597	94,664	18	227,270	198,673	14	426,777
EBIT margin, %	56	54	2 pp	57	55	2 pp	55
Return on book, %	12.2	10.6	1.7 pp	12.6	11.0	1.6 pp	12.1
Expenses/Gross cash collections on acquired loan portfolios, %	20	22	-2 pp	20	21	-1 pp	22
Carrying value of acquired loan portfolios, SEK ¹⁾	3,667	3,670	0	N/A	N/A	-	3,546
Gross 120-month ERC, SEK ²⁾	6,319	6,360	-1	N/A	N/A	-	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 2 2016	Quarter 2 2015	Jan-Jun 2016	Jan-Jun 2015	Full-year 2015
Net revenue from acquired loan portfolios	604,975	473,621	1,178,236	905,431	2,004,524
Interest income	1,704	9,126	2,379	22,945	39,195
Interest expense	-73,324	-92,875	-143,503	-185,496	-361,370
Net interest income	533,355	389,872	1,037,112	742,880	1,682,349
Fee and commission income	28,983	41,747	58,853	89,363	166,705
Net income from financial transactions	-30,903	-15,523	-66,158	-38,212	-46,461
Other income	3,258	6,111	6,545	9,619	17,959
Total operating income	534,693	422,207	1,036,352	803,650	1,820,552
General administrative expenses					
Personnel expenses	-164,689	-151,827	-332,301	-297,538	-642,480
Other operating expenses	-239,475	-216,276	-463,661	-404,156	-845,393
Depreciation and amortisation of tangible and intangible assets	-11,904	-9,048	-23,718	-18,065	-39,697
Total operating expenses	-416,068	-377,151	-819,680	-719,759	-1,527,570
Profit before credit losses	118,625	45,056	216,672	83,891	292,982
Net credit losses	-	-5,298	-	-5,298	-5,298
Earnings from participations in joint ventures	14,636	14,946	43,341	30,296	54,839
Profit before tax	133,261	54,704	260,013	108,889	342,523
Income tax expense	-25,802	-9,967	-54,930	-21,158	-64,961
Profit for the period	107,459	44,737	205,083	87,731	277,562
Profit attributable to:					
Owners of Hoist Kredit AB (publ)	107,459	44,737	205,083	87,731	277,562

Consolidated statement of comprehensive income

SEK thousand	Quarter 2 2016	Quarter 2 2015	Jan-Jun 2016	Jan-Jun 2015	Full-year 2015
Profit for the period	107,459	44,737	205,083	87,731	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	-13,298	-9,334	-23,541	-9,052	-35,485
Translation difference, joint venture	-3,443	-7,378	-2,423	-1,256	-4,948
Hedging of currency risk in foreign operations	3,015	4,307	7,420	-1,851	-849
Tax attributable to items that can be reclassified to profit or loss	1,538	-	1,538	-	-
Total items that may be reclassified subsequently to profit or loss	-12,188	-12,405	-17,006	-12,159	-41,282
Other comprehensive income for the period	-12,188	-12,405	-17,006	-12,159	-39,049
Total comprehensive income for the period	95,271	32,332	188,077	75,572	238,513
Profit attributable to:					
Owners of Hoist Kredit AB (publ)	95,271	32,332	188,077	75,572	238,513

Consolidated balance sheet

SEK thousand	30 Jun 2016	31 Dec 2015	30 Jun 2015
ASSETS			
Cash	219	281	201
Treasury bills and Treasury bonds	3,592,889	3,077,827	1,723,545
Lending to credit institutions	970,002	795,915	2,573,170
Lending to the public	64,705	77,994	102,844
Acquired loan portfolios	11,072,895	11,014,699	8,734,711
Receivables from Group companies	292,586	253,543	147,079
Bonds and other securities	1,982,065	1,303,214	3,324,691
Participations in joint ventures	240,400	205,557	223,024
Intangible assets	208,446	216,158	208,043
Tangible assets	38,324	38,481	26,856
Other assets	308,430	499,992	269,092
Deferred tax assets	71,515	62,688	63,430
Prepayments and accrued income	76,103	64,916	73,637
Total assets	18,918,579	17,611,265	17,470,323
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Liabilities to credit institutions	-	62,813	-
Deposits from the public	12,683,631	12,791,377	12,768,384
Tax liabilities	51,576	5,561	24,830
Other liabilities	374,270	559,208	399,700
Deferred tax liabilities	171,675	178,826	78,754
Accrued expenses and deferred income	218,292	176,957	143,590
Provisions	57,008	52,081	58,206
Senior unsecured debt	2,633,188	1,238,469	1,458,626
Subordinated liabilities	339,281	336,892	334,773
Total liabilities	16,528,921	15,402,184	15,266,863
Shareholders' equity			
Share capital	66,667	66,667	66,667
Other contributed capital	1,450,918	1,450,918	1,450,918
Reserves	-61,100	-44,094	-14,971
Retained earnings including profit for the period	933,173	735,590	700,846
Total shareholders' equity	2,389,658	2,209,081	2,203,460
Total liabilities and shareholders' equity	18,918,579	17,611,265	17,470,323

Consolidated statement of changes in shareholders' equity

SEK thousand	Share capital	Other contributed capital	Reserves / Translation reserve	Retained earnings including profit for the year	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				205,083	205,083
Other comprehensive income			-17,006		-17,006
Total comprehensive income for the period			-17,006	205,083	188,077
Transactions reported directly in equity					
Interest paid on capital contribution				-7,500	-7,500
Total transactions reported directly in equity				-7,500	-7,500
Closing balance 30 June 2016	66,667	1,450,918	-61,100	933,173	2,389,658

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 period					
Profit for the period				87,731	87,731
Other comprehensive income			-12,159		-12,159
Total comprehensive income for the period			-12,159	87,731	75,572
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				-7,500	-7,500
Tax effect on items reported directly in equity				1,650	1,650
Total transactions reported directly in equity		759,004		-38,434	720,570
Closing balance 30 June 2015	66,667	1,450,918	-14,971	700,846	2,203,460

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 contributions paid				-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 2 2016	Quarter 2 2015	Jan-Jun 2016	Jan-Jun 2015	Full-year 2015
OPERATING ACTIVITIES					
Gross cash collections on acquired loan portfolios	1,075,877	834,098	2,131,671	1,624,833	3,631,031
Paid-in interest	-1,812	9,124	5,618	22,944	36,529
Provisions received	28,983	41,747	58,853	89,363	166,705
Other operating income	3,257	6,111	6,544	9,618	17,958
Interest paid	-41,852	-53,916	-106,009	-117,760	-338,949
Operating expenses	-380,784	-362,409	-756,828	-713,254	-1,453,281
Net cash flow from financial transactions	-9,793	-15,523	-45,048	-38,212	-10,862
Capital gain on redemption of joint venture certificates	3,791	15,673	3,791	15,673	44,404
Income tax paid	-17,453	-10,310	-25,761	-19,950	-43,523
Total	660,214	464,595	1,272,831	873,255	2,050,012
Increase/decrease in acquired loans incl. translation differences	-514,131	-603,520	-1,042,082	-867,331	-4,054,424
Increase/decrease in joint venture certificates	2,290	5,691	2,290	5,691	15,277
Increase/decrease in lending to the public	-60,838	38,107	-25,755	41,944	-39,670
Increase/decrease in deposits from the public	-310,066	412,170	-140,749	1,713,358	1,781,668
Increase/decrease in other assets	8,606	-87,200	222,882	-50,592	-289,563
Increase/decrease in other liabilities	180,441	57,861	-105,962	-272,130	-232,879
Increase/decrease in provisions	1,717	-5,749	4,927	-10,449	-16,574
Change in other balance sheet items	-11,577	-6,442	-21,720	-3,894	71,864
Total	-703,558	-189,082	-1,106,169	556,597	-2,764,301
Cash flow from operating activities	-43,344	275,513	166,662	1,429,852	-714,289
INVESTING ACTIVITIES					
Investments in intangible assets	-5,087	-2,034	-8,844	-11,182	-37,867
Investments in tangible assets	-2,414	-1,450	-8,859	-2,906	-18,158
Investments in subsidiaries	-25,204	-	-25,204	-50,569	-50,569
Investments in/divestments of bonds and other securities	-888,053	-650,978	-682,090	-1,373,450	615,093
Cash flow from investing activities	-920,758	-654,462	-724,997	-1,438,107	508,499
FINANCING ACTIVITIES					
Capital contribution	-	-	-	759,004	759,004
Issued bonds	2,278,360	-	2,278,360	-	-
Issued bonds, repurchased and cancelled	-703,742	-	-976,284	-11,975	-229,833
Interest paid on capital contribution	-7,500	-7,500	-7,500	-7,500	-15,000
Group contributions paid	-	-	-47,153	-	-
Cash flow from financing activities	1,567,118	-7,500	1,247,423	739,529	514,171
Cash flow for the period	603,016	-386,449	689,088	731,274	308,381
Cash at the beginning of the period	3,960,095	4,683,365	3,874,023	3,565,642	3,565,642
Cash at the end of the period¹⁾	4,563,111	4,296,916	4,563,111	4,296,916	3,874,023

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

Parent Company income statement

SEK thousand	Quarter 2 2016	Quarter 2 2015	Jan-Jun 2016	Jan-Jun 2015	Full-year 2015
Net revenue from acquired loans	98,665	56,120	198,297	114,973	357,498
Interest income	129,800	100,529	261,384	211,178	460,291
Interest expense	-73,308	-92,774	-143,474	-185,422	-359,876
Net interest income	155,157	63,875	316,207	140,729	457,913
Net income from financial transactions	-33,048	-14,972	-50,675	-50,968	-58,547
Other income	22,698	19,732	40,363	34,142	74,588
Total operating income	144,807	68,635	305,895	123,903	473,954
General administrative expenses					
Personnel expenses	-35,618	-31,727	-65,455	-62,970	-123,377
Other operating expenses	-50,802	-48,777	-105,811	-100,637	-204,599
Depreciation and amortisation of tangible and intangible assets	-3,735	-3,213	-7,303	-6,354	-14,380
Total operating expenses	-90,155	-83,717	-178,569	-169,961	-342,356
Profit before loan losses	54,652	-15,082	127,326	-46,058	131,598
Net loan losses	-	-5,298	-	-5,298	-5,298
Profit from shares and participations in joint ventures	3,791	15,673	3,791	15,673	44,404
Earnings from participations in Group companies	-	133,668	62,387	133,668	133,668
Profit before tax	58,443	128,961	193,504	97,985	304,372
Income tax expense	-13,641	2,970	-29,610	6,282	-44,349
Profit for the period	44,802	131,931	163,894	104,267	260,023
Profit attributable to:					
Owners of Hoist Kredit AB (publ)	44,802	131,931	163,894	104,267	260,023

Parent Company statement of comprehensive income

SEK thousand	Quarter 2 2016	Quarter 2 2015	Jan-Jun 2016	Jan-Jun 2015	Full-year 2015
Profit for the period	44,802	131,931	163,894	104,267	260,023
Other comprehensive income					
Total items that may be reclassified subsequently to profit or loss					
Currency translation differences on foreign operations	328	-153	456	-360	-522
Total items that may be reclassified subsequently to profit or loss	328	-153	456	-360	-522
Total other comprehensive income for the period	328	-153	456	-360	-522
Total comprehensive income for the period	45,130	131,778	164,350	103,907	259,501
Profit attributable to:					
Owners of Hoist Kredit AB (publ)	45,130	131,778	164,350	103,907	259,501

Parent Company balance sheet

SEK thousand	30 Jun 2016	31 Dec 2015	30 Jun 2015
ASSETS			
Cash	-	8	9
Treasury bills and Treasury bonds	3,592,889	3,077,827	1,723,545
Lending to credit institutions	376,558	78,503	547,811
Lending to the public	64,705	77,994	102,844
Acquired loan portfolios	2,877,632	2,646,612	2,678,318
Receivables from Group companies	8,537,314	8,769,553	7,911,994
Bonds and other securities	1,982,065	1,303,214	3,324,691
Participations in subsidiaries	569,781	581,972	386,047
Participations in joint ventures	47,684	49,974	59,560
Intangible assets	38,316	42,278	45,627
Tangible assets	4,281	4,523	4,619
Other assets	213,737	416,615	156,102
Deferred tax assets	10,323	2,224	8,382
Prepayments and accrued income	16,590	1,842	10,195
TOTAL ASSETS	18,331,875	17,053,139	16,959,744
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Liabilities to credit institutions	-	87,723	-
Deposits from the public	12,683,631	12,791,377	12,768,384
Tax liabilities	41,860	3,550	21,827
Other liabilities	225,128	379,205	181,573
Accrued expenses and prepaid income	107,183	71,103	48,082
Provisions	66	132	65
Senior unsecured debt	2,633,188	1,238,469	1,458,626
Subordinated liabilities	339,281	336,892	334,773
Total liabilities and provisions	16,030,337	14,908,451	14,813,330
Untaxed reserves (tax allocation reserve)	62,248	62,248	62,248
Shareholders' equity			
<i>Restricted equity</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	315	-142	20
Retained earnings	483,243	230,721	388,041
Profit for the period	163,894	260,023	104,267
Total non-restricted equity	2,098,370	1,941,520	1,943,246
Total shareholders' equity	2,239,290	2,082,440	2,084,166
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	18,331,875	17,053,139	16,959,744

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 accounts of Parent Company Hoist Kredit AB (publ) 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). The Swedish Financial Board's RFR 2, Accounting for Legal Entities, was also applied.

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

Market-value changes were reclassified from Interest income to Net income from financial transactions as from first quarter 2016.

Comparative figures have been reclassified pursuant to this change. SEK -18m was reclassified during second quarter 2015 and SEK -35.6 million for the full-year 2015.

Italian banking fees have been reclassified from Other operating expenses to Collection expenses as of Q2 2016. Comparative figures have been reclassified in accordance with this change. SEK -3m was reclassified during second quarter 2015 and -11m for the full-year 2015.

The accounting principle of reporting forward flow contracts as Commitments has changed as of Q2 2016 to include all commitments regarding forward flows, rather than commitments applicable within a one-year period as was the case under the previous principle. Comparative figures have been adjusted accordingly. SEK 164m was adjusted during second quarter 2015 and SEK 167m for the full-year 2015.

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. 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 2015 annual report.

	Quarter 2 2016	Quarter 2 2015	Full-year 2015
1 EUR = SEK			
Income statement (average)	9.2988	9.3414	9.3553
Balance sheet (at end of the period)	9.4164	9.2173	9.1350
1 GBP = SEK			
Income statement (average)	11.9441	12.7565	12.8908
Balance sheet (at end of the period)	11.3917	12.9527	12.3785
1 PLN = SEK			
Income statement (average)	2.1287	2.2574	2.2372
Balance sheet (at end of the period)	2.1277	2.1980	2.1545

Notes

Note 1, Segment reporting

Consolidated income statement SEK thousand	Quarter 2 2016	Quarter 2 2015	Jan-Jun 2016	Jan-Jun 2015	Full-year 2015
Revenues from acquired loan portfolios	604,975	473,621	1,178,236	905,431	2,004,524
<i>of which, gross cash collections</i>	1,075,877	834,098	2,131,671	1,624,833	3,631,032
<i>of which, portfolio amortisation and revaluation</i>	-470,902	-360,477	-953,435	-719,402	-1,626,508
Interest income	1,704	9,126	2,379	22,945	39,195
<i>of which, interest income from run-off consumer loan portfolio</i>	3,391	2,994	5,780	6,113	10,176
<i>of which, interest income excl. run-off consumer loan portfolio¹⁾</i>	-1,687	6,132	-3,401	16,832	29,019
Interest expense	-73,324	-92,875	-143,503	-185,496	-361,370
Net interest income	533,355	389,872	1,037,112	742,880	1,682,349
Fee and commission income	28,983	41,747	58,853	89,363	166,705
<i>Net income from financial transactions²⁾</i>	-30,903	-15,523	-66,158	-38,212	-46,461
Other income	3,258	6,111	6,545	9,619	17,959
Total operating income	534,693	422,207	1,036,352	803,650	1,820,552
General administrative expenses					
Personnel expenses	-164,689	-151,827	-332,301	-297,538	-642,480
Other operating expenses	-239,475	-216,276	-463,661	-404,156	-845,393
Depreciation and amortisation of tangible and intangible assets	-11,904	-9,048	-23,718	-18,065	-39,697
Total operating expenses	-416,068	-377,151	-819,680	-719,759	-1,527,570
Profit before loan losses	118,625	45,056	216,672	83,891	292,982
Net loan losses	-	-5,298	-	-5,298	-5,298
Profit from shares and participations in joint ventures	14,636	14,946	43,341	30,296	54,839
Profit before tax	133,261	54,704	260,013	108,889	342,523
Operating income statement based on segment reporting					
SEK thousand	Quarter 2 2016	Quarter 2 2015	Jan-Jun 2016	Jan-Jun 2015	Full-year 2015
Gross cash collections on acquired loan portfolios	1,075,877	834,098	2,131,671	1,624,833	3,631,032
Portfolio amortisation and revaluation	-470,902	-360,477	-953,435	-719,402	-1,626,508
Interest income from run-off consumer loan portfolio	3,391	2,994	5,780	6,113	10,176
Net revenue from acquired loan portfolios	608,366	476,615	1,184,016	911,544	2,014,700
Fee and commission income	28,983	41,747	58,853	89,363	166,705
Profit from shares and participations in joint ventures	14,636	14,946	43,341	30,296	54,839
Other income	3,258	6,111	6,545	9,619	17,959
Total revenue	655,243	539,419	1,292,755	1,040,822	2,254,203
Personnel expenses	-164,689	-151,827	-332,301	-297,538	-642,480
Collection costs ¹⁾	-140,816	-149,519	-262,471	-258,977	-509,598
Other operating expenses ¹⁾	-98,659	-66,757	-201,190	-145,179	-335,795
Depreciation and amortisation of tangible and intangible assets	-11,904	-9,048	-23,718	-18,065	-39,697
Total operating expenses	-416,068	-377,151	-819,680	-719,759	-1,527,570
EBIT	239,175	162,268	473,075	321,063	726,633
Interest income excl. run-off consumer loan portfolio ²⁾	-1,687	6,132	-3,401	16,832	29,019
Interest expense	-73,324	-92,875	-143,503	-185,496	-361,370
Net income from financial transactions ^{2) 3)}	-30,903	-20,821	-66,158	-43,510	-51,759
Total financial items	-105,914	-107,564	-213,062	-212,174	-384,110
Profit/loss before tax	133,261	54,704	260,013	108,889	342,523

1) Comparative figures have been adjusted due to the reclassification of banking fees from Other operating expenses to Collection costs.

2) Comparative figures have been adjusted due to the reclassification of market-value changes from Interest income to Net income from financial transactions.

3) 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 2 2016

SEK thousand	Region West Europe ¹⁾	Region Mid Europe ²⁾	Region Central East Europe ³⁾	Central Functions and Eliminations	Group
Gross cash collections on acquired loan portfolios	315,863	399,160	360,854	–	1,075,877
Portfolio amortisation and revaluation	–88,963	–203,203	–178,736	–	–470,902
Interest income from run-off consumer loan portfolio	–	–	3,391	–	3,391
Net revenue from acquired loan portfolios	226,900	195,957	185,509	–	608,366
Fee and commission income	17,377	1,082	10,524	–	28,983
Profit from shares and participations in joint ventures	–	438	–	14,198	14,636
Other income	–	427	2,524	307	3,258
Total revenue	244,277	197,904	198,557	14,505	655,243
Personnel expenses	–54,577	–27,520	–45,390	–37,202	–164,689
Collection costs	–74,088	–38,392	–28,336	–	–140,816
Other operating expenses	–27,627	–25,050	–11,519	–34,463	–98,659
Depreciation and amortisation of tangible and intangible assets	–3,206	–1,893	–1,715	–5,090	–11,904
Total operating expenses	–159,498	–92,855	–86,960	–76,755	–416,068
EBIT	84,779	105,049	111,597	–62,250	239,175
Interest income excl. run-off consumer loan portfolio	–	–	328	–2,015	–1,687
Interest expense	–3	–20	–9	–73,292	–73,324
Net income from financial transactions ⁴⁾	–49,293	–43,941	–46,025	108,356	–30,903
Total financial items	–49,296	–43,961	–45,706	33,049	–105,914
Profit/loss before tax	35,483	61,088	65,891	–29,201	133,261

1) Total revenue of SEK 215m from the UK is included in the revenue for Region West Europe.

2) Total revenue of SEK 113m from Italy is included in the revenue for Region Mid Europe.

3) Total revenue of SEK 114m from Germany is included in the revenue for Region Central East Europe.

4) Including financing costs.

Note 1 Segment reporting, cont.

Income statement, Quarter 2 2015					
SEK thousand	Region West Europe ¹⁾	Region Mid Europe ²⁾	Region Central East Europe ³⁾	Central Functions and Eliminations	Group
Gross cash collections on acquired loan portfolios	188,508	335,822	309,768	–	834,098
Portfolio amortisation and revaluation	–33,915	–175,939	–150,623	–	–360,477
Interest income from run-off consumer loan portfolio	–	–	2,994	–	2,994
Net revenue from acquired loan portfolios	154,593	159,883	162,139	–	476,615
Fee and commission income	29,014	1,706	11,027	–	41,747
Profit from shares and participations in joint ventures	–	–	–	14,946	14,946
Other income	1,068	330	3,429	1,284	6,111
Total revenue	184,675	161,919	176,595	16,230	539,419
Personnel expenses	–54,444	–22,970	–40,989	–33,424	–151,827
Collection costs ⁴⁾	–83,169	–35,951	–30,399	–	–149,519
Other operating expenses ⁴⁾	–14,914	–10,185	–8,710	–32,948	–66,757
Depreciation and amortisation of tangible and intangible assets	–1,183	–1,809	–1,833	–4,223	–9,048
Total operating expenses	–153,710	–70,915	–81,931	–70,595	–377,151
EBIT	30,965	91,004	94,664	–54,365	162,268
Interest income excl. run-off consumer loan portfolio ⁵⁾	–	–	1,010	5,122	6,132
Interest expense	–	–18	–102	–92,755	–92,875
Net income from financial transactions ⁵⁾⁶⁾	–29,308	–34,516	–44,310	87,313	–20,821
Total financial items	–29,308	–34,534	–43,402	–320	–107,564
Profit/loss before tax	1,657	56,470	51,262	–54,685	54,704

1) Total revenue of SEK 170m from the UK is included in the revenue for Region West Europe.

2) Total revenue of SEK 87m from Italy is included in the revenue for Region Mid Europe.

3) Total revenue of SEK 100m from Germany is included in the revenue for Region Central East Europe.

4) Comparative figures have been adjusted due to the reclassification of banking fees from Other operating expenses to Collection costs.

5) Comparative figures have been adjusted due to the reclassification of market-value changes from Interest income to Net income from financial transactions.

6) Including financing costs.

Note 1 Segment reporting, cont.

Income statement, Jan-Jun 2016	Region West Europe ¹⁾	Region Mid Europe ²⁾	Region Central East Europe ³⁾	Central Functions and Eliminations	Group
SEK thousand					
Gross cash collections on acquired loan portfolios	618,292	786,534	726,845	-	2,131,671
Portfolio amortisation and revaluation	-219,180	-373,843	-360,412	-	-953,435
Interest income from run-off consumer loan portfolio	-	-	5,780	-	5,780
Net revenue from acquired loan portfolios	399,112	412,691	372,213	-	1,184,016
Fee and commission income	36,329	2,226	20,298	-	58,853
Profit from shares and participations in joint ventures	-	438	-	42,903	43,341
Other income	-	874	4,517	1,154	6,545
Total revenue	435,441	416,229	397,028	44,057	1,292,755
Personnel expenses	-121,205	-52,353	-88,725	-70,018	-332,301
Collection costs	-124,660	-83,829	-53,982	-	-262,471
Other operating expenses	-59,955	-50,844	-23,446	-66,945	-201,190
Depreciation and amortisation of tangible and intangible assets	-6,709	-3,408	-3,605	-9,996	-23,718
Total operating expenses	-312,529	-190,434	-169,758	-146,959	-819,680
EBIT	122,912	225,795	227,270	-102,902	473,075
Interest income excl. run-off consumer loan portfolio	-	-	728	-4,129	-3,401
Interest expense	-3	-35	-19	-143,446	-143,503
Net income from financial transactions ⁴⁾	-99,100	-90,008	-89,640	212,590	66,158
Total financial items	-99,103	-90,043	-88,931	65,015	-213,062
Profit/loss before tax	23,809	135,752	138,339	-37,887	260,013

1) Total revenue of SEK 401m from the UK is included in the revenue for Region West Europe.

2) Total revenue of SEK 237m from Italy is included in the revenue for Region Mid Europe.

3) Total revenue of SEK 220m from Germany is included in the revenue for Region Central East Europe.

4) Including financing costs.

Note 1 Segment reporting, cont.

Income statement, Jan-Jun 2015	Region West Europe ¹⁾	Region Mid Europe ²⁾	Region Central East Europe ³⁾	Central Functions and Eliminations	Group
SEK thousand					
Gross cash collections on acquired loan portfolios	366,234	610,899	647,700	–	1,624,833
Portfolio amortisation and revaluation	–86,137	–312,341	–320,924	–	–719,402
Interest income from run-off consumer loan portfolio	–	–	6,113	–	6,113
Net revenue from acquired loan portfolios	280,097	298,558	332,889	–	911,544
Fee and commission income	63,999	2,913	22,451	–	89,363
Profit from shares and participations in joint ventures	–	–	–	30,296	30,296
Other income	1,074	675	4,623	3,247	9,619
Total revenue	345,170	302,146	359,963	33,543	1,040,822
Personnel expenses	–106,557	–45,262	–82,080	–63,639	–297,538
Collection costs ⁴⁾	–133,519	–66,807	–58,651	–	–258,977
Other operating expenses ⁴⁾	–34,158	–21,419	–17,070	–72,532	–145,179
Depreciation and amortisation of tangible and intangible assets	–2,641	–3,589	–3,489	–8,346	–18,065
Total operating expenses	–276,875	–137,077	–161,290	–144,517	–719,759
EBIT	68,295	165,069	198,673	–110,974	321,063
Interest income excl. run-off consumer loan portfolio ⁵⁾	6	22	1,243	15,561	16,832
Interest expense	–	–42	–109	–185,345	–185,496
Net income from financial transactions ^{5) 6)}	–58,323	–69,925	–87,406	172,144	–43,510
Total financial items	–58,317	–69,945	–86,272	2,360	–212,174
Profit/loss before tax	9,978	95,124	112,402	–108,614	108,889

1) Total revenue of SEK 317m from the UK is included in the revenue for Region West Europe.

2) Total revenue of SEK 167m from Italy is included in the revenue for Region Mid Europe.

3) Total revenue of SEK 204m from Germany is included in the revenue for Region Central East Europe.

4) Comparative figures have been adjusted due to the reclassification of banking fees from Other operating expenses to Collection costs.

5) Comparative figures have been adjusted due to the reclassification of market-value changes from Interest income to Net income from financial transactions.

6) 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 and 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 ⁴⁾	–214,681	–160,775	–134,142	–	–509,598
Other operating expenses ⁴⁾	–102,522	–51,014	–39,760	–142,499	–335,795
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 ⁵⁾	164	38	2,120	26,697	29,019
Interest expense	69	–77	–1,597	–359,765	–361,370
Net income from financial transactions ^{5) 6)}	–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 of SEK 718m from the UK is included in the revenue for Region West Europe.

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

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

4) Comparative figures have been adjusted due to the reclassification of banking fees from Other operating expenses to Collection costs.

5) Comparative figures have been adjusted due to the reclassification of market-value changes from Interest income to Net income from financial transactions.

6) Including financing costs.

Acquired loans, 30 June 2016

SEK thousand	Region West Europe	Region Mid Europe	Region Central East Europe	Central Functions and Eliminations	Group
Run-off consumer loan portfolio	–	–	46,474	–	46,474
Acquired loan portfolios	3,946,826	3,505,077	3,620,992	–	11,072,895
Shares and participations in joint ventures	–	–	–	239,882	239,882
Acquired loans	3,946,826	3,505,077	3,667,466	239,882	11,359,251

Acquired loans, 31 Dec 2015

SEK thousand	Region West Europe	Region Mid Europe	Region Central East Europe	Central Functions and 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, 30 June 2015

SEK thousand	Region West Europe	Region Mid Europe	Region Central East Europe	Central Functions and Eliminations	Group
Run-off consumer loan portfolio	–	–	81,879	–	81,879
Acquired loan portfolios	2,336,045	2,810,296	3,588,370	–	8,734,711
Shares and participations in joint ventures	–	–	–	223,024	223,024
Acquired loans	2,336,045	2,810,296	3,670,249	223,024	9,039,614

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, 30 June 2016							
SEK thousand	Loan portfolios	Financing	Carrying value	Fair value	Level 1	Level 2	Level 3
Treasury bills and Treasury bonds		3,592,889	3,592,889	3,592,889	3,592,889		
Acquired loan portfolios							
<i>of which, carried at fair value</i>	1,102,293		1,102,293	1,102,293			1,102,293
<i>of which, carried at amortised cost</i>	9,970,602		9,970,602	10,383,618			10,383,618
Bonds and other securities		1,982,065	1,982,065	1,982,065	1,982,065		
Derivatives		18,917	18,917	18,917		18,917	
Total assets	11,072,895	5,593,871	16,666,766	17,079,782	5,574,954	18,917	11,485,911
Additional purchase price liability		46,324	46,324	46,324			46,324
Derivatives		12,556	12,556	12,556		12,556	
Senior unsecured debt		2,633,188	2,633,188	2,681,607		2,681,607	
Subordinated liabilities		339,281	339,281	400,750		400,750	
Total liabilities		3,031,349	3,031,349	3,141,237		3,094,913	46,324

Group, 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							
<i>of which, carried at fair value</i>	1,177,808		1,177,808	1,177,808			1,177,808
<i>of which, carried at amortised cost</i>	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, 30 June 2015

SEK thousand	Loan portfolios	Financing	Carrying value	Fair value	Level 1	Level 2	Level 3
Treasury bills and Treasury bonds		1,723,545	1,723,545	1,723,545	1,723,545		
Acquired loan portfolios							
<i>of which, carried at fair value</i>	1,324,710		1,324,710	1,324,710			1,324,710
<i>of which, carried at amortised cost</i>	7,410,001		7,410,001	7,569,701			7,569,701
Bonds and other securities ¹⁾		3,299,691	3,299,691	3,299,691	3,299,691		
Derivatives		47,757	47,757	47,757		47,757	
Total assets	8,734,711	5,070,993	13,805,704	13,965,404	5,023,236	47,757	8,894,411
Additional purchase price liability		67,334	67,334	67,334			67,334
Derivatives		39,951	39,951	39,951		39,951	
Senior unsecured debt		1,458,626	1,458,626	1,490,944		1,490,944	
Subordinated liabilities		334,773	334,773	410,596		410,596	
Total liabilities		1,900,684	1,900,684	2,008,825		1,941,491	67,334

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, 30 June 2016

SEK thousand	Loan portfolios	Financing	Carrying value	Fair value	Level 1	Level 2	Level 3
Treasury bills and Treasury bonds		3,592,889	3,592,889	3,592,889	3,592,889		
Acquired loan portfolios							
<i>of which, carried at fair value</i>	923,346		923,346	923,346			923,346
<i>of which, carried at amortised cost</i>	1,954,286		1,954,286	2,058,124			2,058,124
Bonds and other securities ¹⁾		1,982,065	1,982,065	1,982,065	1,982,065		
Derivatives		18,917	18,917	18,917		18,917	
Total assets	2,877,632	5,593,871	8,471,503	8,575,341	5,574,954	18,917	2,981,470
Additional purchase price liability		46,324	46,324	46,324			46,324
Derivatives		12,556	12,556	12,556		12,556	
Senior unsecured debt		2,633,188	2,633,188	2,681,607		2,681,607	
Subordinated liabilities		339,281	339,281	400,750		400,750	
Total liabilities		3,031,349	3,031,349	3,141,237		3,094,913	46,324

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.

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							
<i>of which, carried at fair value</i>	973,806		973,806	973,806			973,806
<i>of which, carried at amortised cost</i>	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, 30 June 2015

SEK thousand	Loan portfolios	Financing	Carrying value	Fair value	Level 1	Level 2	Level 3
Treasury bills and Treasury bonds		1,723,545	1,723,545	1,723,545	1,723,545		
Acquired loan portfolios							
<i>of which, carried at fair value</i>	1,057,702		1,057,702	1,057,702			1,057,702
<i>of which, carried at amortised cost</i>	1,620,616		1,620,616	1,737,295			1,737,295
Bonds and other securities ¹⁾		3,324,691	3,324,691	3,324,691	3,324,691		
Derivatives		47,757	47,757	47,757		47,757	
Total assets	2,678,318	5,095,993	7,774,311	7,890,990	5,048,236	47,757	2,794,997
Additional purchase price liability		67,334	67,334	67,334			67,334
Derivatives		39,951	39,951	39,951		39,951	
Senior unsecured debt		1,458,626	1,458,626	1,490,944		1,490,944	
Subordinated liabilities		334,773	334,773	410,596		410,596	
Total liabilities		1,900,684	1,900,684	2,008,825		1,941,491	67,334

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.

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 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			
	SEK thousand	30 Jun 2016	31 Dec 2015	30 Jun 2015	30 Jun 2016	31 Dec 2015	30 Jun 2015
Opening balance		11,014,699	8,586,782	8,586,782	2,646,612	2,860,220	2,860,220
Acquisitions		1,155,185	4,370,259	937,744	467,513	588,333	308,644
Adjustment of acquisition analysis ¹⁾		-30,451	-	-	-	-	-
Translation differences		-113,103	-315,835	-70,413	75,854	-112,439	-88,657
Changes in value							
Based on opening balance forecast (amortisation)		-944,893	-1,587,651	-710,320	-303,575	-778,855	-403,011
Based on revised estimates (revaluation)		-8,542	-38,856	-9,082	-8,772	89,353	1,122
Carrying value		11,072,895	11,014,699	8,734,711	2,877,632	2,646,612	2,678,318
Changes in carrying value reported in the income statement		-953,435	-1,626,507	-719,402	-312,347	-689,502	-401,889

1) Recalculated at closing day rate. See Note 5, Acquisitions.

Of which, designated at fair value	Group			Parent Company			
	SEK thousand	30 Jun 2016	31 Dec 2015	30 Jun 2015	30 Jun 2016	31 Dec 2015	30 Jun 2015
Opening balance		1,177,808	1,460,229	1,460,229	973,806	1,177,466	1,177,466
Translation differences		34,734	-53,671	-44,900	28,843	-43,992	-36,130
Changes in value							
Based on opening balance forecast (amortisation)		-108,389	-167,331	-90,619	-79,303	-154,700	-83,634
Based on revised estimates (revaluation)		-1,860	-61,419	-	-	-4,968	-
Carrying value		1,102,293	1,177,808	1,324,710	923,346	973,806	1,057,702
Changes in carrying value reported in the income statement		-110,249	-228,750	-90,619	-79,303	-159,668	-83,634

Note 2 Financial instruments, cont.

Sensitivity analysis

While Hoist Kredit 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		
	30 Jun 2016	31 Dec 2015	30 Jun 2015
Carrying value of loan portfolios	11,072,895	11,014,699	8,734,711
A 5% increase in estimated cash flow over the forecast period (10 years) would reduce the carrying value by:	544,786	540,638	407,798
<i>of which, valued at fair value</i>	<i>54,547</i>	<i>58,890</i>	<i>66,235</i>
A 5% decrease in estimated cash flow over the forecast period would reduce the carrying value by:	-544,786	-540,638	-407,984
<i>of which, valued at fair value</i>	<i>-54,547</i>	<i>-58,890</i>	<i>-66,235</i>
Carrying value of loan portfolios acquired prior to 1 July 2011	1,102,293	1,177,808	1,324,710
A 1% decrease in the market rate of interest would increase the carrying value by:	31,463	34,774	40,644
A 1% increase in the market rate of interest would reduce the carrying value by:	-29,812	-32,880	-38,442
Shortening the forecast period by 1 year would reduce the carrying value by:	-16,379	-33,073	-49,844
Lengthening the forecast period by 1 year would increase the carrying value by:	12,300	21,424	44,980

Portfolios valued at fair value through profit or loss

The Group has chosen to categorise portfolios acquired prior to 1 July 2011 as valued 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 about portfolios is provided internally on that basis to the Group's management team. The underlying concept for valuation at fair value is to assess the book 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 players 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.

In order to assess fair value, the three main influencing aspects are: (i) the gross collections forecast, (ii) the cost level and (iii) the market discount rate. Every month, the Group will look at the forward ten years' net collection forecasts for all portfolios and discount the

forecasts to present value, which is the basis for the calculation of the fair value for each portfolio.

An important element in the estimation of a market discount rate is the many observations made by Hoist Kredit, acting as one of the industry's biggest players, from the numerous portfolio transactions the company participates in or has knowledge of. The discount rate corresponding to the market rate of return is updated continuously and reflects actual rate of return on relevant and comparable transactions in the market. Portfolios are presently valued at an IRR of 12 per cent over a ten year period.

The estimated market discount rate is only applied to the part of the portfolios that are valued at fair value; for portfolios valued at accrued purchase value, the IRR at which the original acquisition was made is applied and 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 difference in the basis for consolidation between the consolidated accounts and the consolidated situation is that joint ventures are consolidated using the equity method in the consolidated accounts, whereas proportional consolidation is used for the consolidated situation. When establishing the company's statutory capital requirements, EU regulation No 575/2013 and the Swedish law (2014:966) on capital buffers primarily apply.

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)		
	30 Jun 2016	31 Dec 2015	30 Jun 2015	30 Jun 2016	31 Dec 2015	30 Jun 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	482,693	316,687	333,311	484,782	232,259	389,579
Accumulated comprehensive income and other reserves	341,035	361,363	387,044	1,063,205	1,062,749	1,030,326
Independently reviewed interim profits net of any foreseeable charge or dividend ¹⁾	136,972	161,366	2,548	105,191	190,866	-
Intangible assets (net of related tax liability)	-228,738	-235,632	-244,380	-38,316	-42,278	-45,627
Deferred tax assets that rely on future profitability	-71,515	-62,688	-63,430	-10,323	-2,224	-8,382
Common Equity Tier 1	1,947,252	1,827,901	1,669,314	2,087,502	1,924,335	1,848,859
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	2,040,252	1,920,901	1,762,314	2,180,502	2,017,335	1,941,859
Capital instruments and the related share premium accounts	339,281	336,892	334,773	339,281	336,892	334,773
Regulatory adjustments	-	-	-69,399	-	-	-76,369
Tier 2 capital	339,281	336,892	265,374	339,281	336,892	258,404
Total own funds for capital adequacy purposes	2,379,533	2,257,793	2,027,688	2,519,783	2,354,227	2,200,263

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)		
	30 Jun 2016	31 Dec 2015	30 Jun 2015	30 Jun 2016	31 Dec 2015	30 Jun 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	297,328	339,617	1,538,743	104,141	195,897	555,947
<i>of which, counterparty credit risk</i>	25,046	89,598	28,377	25,046	89,598	28,377
Exposures to corporates	230,648	136,601	212,661	8,715,416	8,789,030	8,046,849
Retail exposures	34,856	43,774	68,147	34,856	43,774	68,147
Exposures in default	11,463,739	11,244,739	8,981,260	2,996,209	2,646,612	2,762,878
Exposures in the form of covered bonds	198,206	126,821	226,160	198,206	126,821	226,160
Other items	129,990	320,316	304,747	641,274	707,979	478,986
Credit risk (standardised approach)	12,354,767	12,211,868	11,331,718	12,690,102	12,510,113	12,138,967
Market risk (foreign exchange risk – standardised approach)	172,567	26,573	184,231	172,567	26,573	184,231
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	15,128,062	14,839,833	13,268,694	13,618,378	13,293,059	12,920,205

Note 3 Capital adequacy, cont.

Capital requirements, SEK thousand	Hoist Finance consolidated situation			Hoist Kredit AB (publ)		
	30 Jun 2016	31 Dec 2015	30 Jun 2015	30 Jun 2016	31 Dec 2015	30 Jun 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	23,786	27,169	123,099	8,331	15,672	44,476
<i>of which, counterparty credit risk</i>	2,004	7,168	2,270	2,004	7,168	2,270
Exposures to corporates	18,452	10,928	17,013	697,233	703,122	643,748
Retail exposures	2,788	3,502	5,452	2,788	3,502	5,452
Exposures in default	917,099	899,579	718,500	239,697	211,729	221,030
Exposures in the form of covered bonds	15,857	10,146	18,093	15,857	10,146	18,093
Other items	10,398	25,626	24,380	51,302	56,637	38,318
Credit risk (standardised approach)	988,381	976,950	906,537	1,015,208	1,000,808	971,117
Market risk (foreign exchange risk-standardised approach)	13,805	2,126	14,738	13,805	2,126	14,738
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	1,210,245	1,187,187	1,061,495	1,089,470	1,063,445	1,033,616
Pillar 2						
Concentration risk	86,380	82,671	87,846	86,380	82,671	87,846
Interest rate risk in the banking book	25,658	71,453	51,083	25,658	71,453	51,083
Pension risk	4,106	5,358	5,358	-	-	5,358
Other Pillar 2 risks	1,494	23,656	26,504	2,259	24,421	39,965
Total own funds requirement – Pillar 2	117,638	183,138	170,791	114,297	178,546	184,252
Capital buffers						
Capital conservation buffer	378,202	370,996	331,717	340,459	332,326	323,005
Countercyclical buffer	6,445	2,456	-	10,199	5,876	-
Total own funds requirement – Capital buffers	384,647	373,452	331,717	350,658	338,202	323,005
Total own funds requirements	1,712,530	1,743,777	1,564,003	1,554,425	1,580,193	1,540,873

The own funds for the Company's consolidated situation totalled SEK 2,380m (2,258) as at 30 June 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 0.04 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 healthy margin.

Capital ratios and capital buffers, %	Hoist Finance consolidated situation			Hoist Kredit AB (publ)		
	30 Jun 2016	31 Dec 2015	30 Jun 2015	30 Jun 2016	31 Dec 2015	30 Jun 2015
Common Equity Tier 1 capital ratio	12.87	12.32	12.58	15.33	14.48	14.31
Tier 1 capital ratio	13.49	12.94	13.28	16.01	15.18	15.03
Total capital ratio	15.73	15.21	15.28	18.50	17.71	17.03
Institution-specific buffer requirements for CET1 capital	7.04	7.02	7.00	7.07	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	0.04	0.02	0.00	0.07	0.04	0.00
Common Equity Tier 1 capital available to meet buffers¹⁾	7.49	6.94	7.28	10.01	9.18	9.03

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 1,328m (1,370) at 30 June 2016, of which SEK 118m (183) is attributable to Pillar 2.

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 situa-

tion, 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 34 per cent (36) 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)		
	30 Jun 2016	31 Dec 2015	30 Jun 2015	30 Jun 2016	31 Dec 2015	30 Jun 2015
SEK thousand						
Deposits from the public, floating	8,420,665	8,226,925	7,434,280	8,420,665	8,226,925	7,434,280
Deposits from the public, fixed	4,262,966	4,564,452	5,334,104	4,262,966	4,564,452	5,334,104
Senior unsecured debt	2,633,188	1,238,469	1,458,626	2,633,188	1,238,469	1,458,626
Convertible debt instruments	93,000	93,000	93,000	93,000	93,000	93,000
Subordinated liabilities	339,281	336,892	334,773	339,281	336,892	334,773
Shareholders' equity	2,311,477	2,195,760	2,055,346	2,194,844	2,037,994	2,039,719
Other	866,288	795,979	693,234	387,931	555,407	265,242
Balance sheet total	18,926,865	17,451,477	17,403,363	18,331,875	17,053,139	16,959,744

Note 4 Liquidity risk, cont.

The Group's Treasury policy stipulates limits on how much liquidity is to be available and its nature. As at 30 June, available liquidity totalled SEK 6,785m (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	30 Jun 2016	31 Dec 2015	30 Jun 2015
Cash and holdings in central banks	219	281	201
Deposits in other banks available	1,209,403	799,199	2,540,708
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	2,079,853	1,181,728	251,621
Securities issued or guaranteed by municipalities or other public sector entities	1,513,037	1,896,099	1,471,924
Covered bonds	1,982,065	1,268,214	2,261,604
Securities issued by non-financial corporates	-	-	150,898
Securities issued by financial corporates	-	10,000	30,365
Other	-	-	856,823
Total	6,784,577	5,155,521	7,564,144

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 per cent of total deposits over a 30-day period
- » Termination or revocation of funding sources in excess of SEK 50m

Note 5 Acquisitions

On 1 July 2015 Hoist Kredit acquired a substantial, diversified loan portfolio in the UK by acquiring the shares in Compello Holdings Limited. The total purchase price of SEK 1,256 million was paid in cash upon completion of the acquisition. During the second quarter of 2016, the valuation of acquired loan portfolios and deferred tax liabilities were adjusted in the amount of SEK 33m due to new assessments, which did not have any impact on previously reported net assets. Following the adjustment, acquired loan portfolios amounted to SEK 1,469m. The acquisition did not give rise to any acquisition-related goodwill since the entire purchase price was related to the loan portfolios.

Final acquisitions balance, Compello Holdings Ltd.:

SEK thousand	
Cash and cash equivalents	23,306
Tangible assets	3,964
Accounts receivable and other receivables	1,473,693
Accounts payable and other liabilities	-98,136
Non-current liabilities to Group companies	-146,419
Total identifiable net assets	1,256,408

Note 6 Pledged assets

SEK thousand	Group			Parent Company		
	30 Jun 2016	31 Dec 2015	30 Jun 2015	30 Jun 2016	31 Dec 2015	30 Jun 2015
Pledges and comparable collateral for own liabilities and for reported commitments for provisions	471	639	1,106	471	639	1,106

Note 7 Contingent liabilities

SEK thousand	Group			Parent Company		
	30 Jun 2016	31 Dec 2015	30 Jun 2015	30 Jun 2016	31 Dec 2015	30 Jun 2015
Guarantees	-	-	-	43,397	-	-
Commitments ¹⁾	509,305	651,064	600,517	405,989	361,586	296,346

1) Comparative figures have been adjusted due to changed accounting principle regarding forward flows.

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, 27 July 2016

Ingrid Bonde
Chair of the Board

Liselotte Hjorth
Board member

Annika Poutiainen
Board member

Costas Thoupos
Board member

Magnus Ugglå
Board member

Gunilla Wikman
Board member

Jörgen Olsson
CEO
Board member

Review report

Hoist Kredit AB (publ)
Corp. ID no. 556329-5699

Introduction

We have reviewed the summary interim financial information (the interim report) for Hoist Kredit AB (publ) as at 30 June 2016 and the six-month period ending on that date. The Board of Directors and the CEO are responsible for the preparation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies with respect to the Group, and with the Swedish Annual Accounts Act with respect to the Parent Company. Our responsibility is to express an opinion on this interim report based on our review.

Focus and scope of review

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and a substantially smaller scope than an audit conducted in accordance with International Standards on Auditing and, consequent-

ly, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, our review opinion provides a lower level of assurance than an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and, for the Parent Company, in accordance with the Swedish Annual Accounts Act.

Stockholm, 27 July 2016
KPMG AB

Anders Bäckström
Authorised Public Accountant

A guide to our interim report

Operating income statement, Group

SEK thousand	Quarter 2 2016	Quarter 2 2015
Gross cash collections on acquired loan portfolios	1,075,877	834,098
Portfolio amortisation and revaluation	-470,902	-360,477
Interest income from run-off consumer loan portfolio	3,391	2,994
Net revenue from acquired loan portfolios	608,366	476,615
Fee and commission income	28,983	41,747
Profit from shares and participations in joint ventures	14,636	14,946
Other income	3,258	6,111
Total revenue	655,243	539,419
Personnel expenses	-164,689	-151,827
Collection costs	-140,816	-149,519
Other operating expenses	-98,659	-66,757
Depreciation and amortisation of tangible and intangible assets	-11,904	-9,048
Total operating expenses	-416,068	-377,151
Operating profit (EBIT)	239,175	162,268
Funding		
Interest income excl. run-off consumer loan portfolio	-1,687	6,132
Interest expense	-73,324	-92,875
Net income from financial transactions	-30,903	-20,821
Total financial items	-105,914	-107,564
Profit before tax	133,261	54,704

Statutory income statement, Group

SEK thousand	Quarter 2 2016	Quarter 2 2015
Revenue from acquired loan portfolios	604,975	473,621
Interest income	1,704	9,126
Interest expense	-73,324	-92,875
Net interest income	533,355	389,872
Fee and commission income	28,983	41,747
Net income from financial transactions	-30,903	-15,523
Other income	3,258	6,111
Total operating income	534,693	422,207
General administrative expenses		
Personnel expenses	-164,689	-151,827
Other operating expenses	-239,475	-216,276
Depreciation and amortisation of tangible and intangible assets	-11,904	-9,048
Total operating expenses	-416,068	-377,151
Profit before credit losses	118,625	45,056
Net credit losses	-	-5,298
Earnings from participations in joint ventures	14,636	14,946
Profit before tax	133,261	54,704

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.

In an analysis of Hoist Finance's EBIT, income and expenses attributable to the acquisition and management of loan portfolios, amortised 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.

Definitions

Alternative performance measures

Alternative performance measures (APMs) are financial measures of past or future earnings trends, financial position or cash flow that are not defined in the applicable accounting regulatory framework (IFRS), in the Capital Requirements Directive (CRD IV), or in the EU's Capital Requirement Regulation number 575/2013 (CRR). APMs are used by Hoist Finance, along with other financial measures, when relevant for monitoring and describing the financial situation and for providing additional useful information to users of the financial reports. These measures are not directly comparable with similar performance measures that are presented by other companies. Estimated remaining collections and Return on book are two APMs that are used by Hoist Finance. Alternative performance measures are described below.

Acquired loans

Total of acquired loan portfolios, run-off consumer loan portfolios and participations in joint ventures

Acquired loan portfolios

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

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 numbers of the month.

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 interest income from the run-off consumer loan portfolios. The expenses related to fee and commission income are calculated with reference to commission income and costs related to other income and actual profit margin.

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" is the company's assessment of the 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 Group's acquired loan portfolios.

Legal collections

Legal collections relate to the cash received following the initiation Hoist Finance'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 amortization 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 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 assets

Net profit for the period divided by average total assets.

Return on book

EBIT (operating profit) for the period, calculated on an annualised basis, in relation to the average carrying value of acquired loans. In the company's reports, the average value is calculated on the basis of the opening amount at the beginning of the period, and the closing amount at the end of the period.

Return on equity

Net profit for the period, calculated on an annualised basis, divided by shareholders' equity calculated as an average between the value at the beginning of and at the end of the period.

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 the requirements of Regulation (EU) 575/2013 of the European Parliament and the Council and that may accordingly be included in the funds.

Total capital ratio

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

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 Finance'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.



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

Interim report Q2	28 July 2016
Interim report Q3	28 October 2016
Year-end report	9 February 2017

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