

collector

Q4 2019

QUARTERLY REPORT PRESENTATION

Summary of Q4 2019

Loan book
SEK 29,880m

**Operating profit /
Adjusted¹**
SEK -680m / SEK 145m

**Total capital ratio /
Adjusted²**
13.3% / 15.8%

Extra provisioning
SEK 800m

**Write-down
capitalised IT**
SEK 150m

**Fully guaranteed
rights issue³**
SEK 1,000m

1) Adjusted for non-recurring items of SEK 825m
2) Adjusted for rights issue of approx. SEK 1,000m
3) Announced 21 January 2020. Expected to be completed during Q1 2020

Segment overview Q4 2019

CORPORATE

CORPORATE

- Continued focus on increasing profitability
- Continued good demand in corporate lending and factoring especially in Sweden and Norway
- Continued attractive potential in Finland
- Solid demand for real estate lending with low risk in Sweden, Finland and Denmark

COLLIGENT

- Divestment of Swedish third-party debt collection business closed during Q4 2019
- Rebranding of internal debt collection operations during 2020
- Acquisition of new NPL portfolios discontinued

PRIVATE

CONSUMER

- Continued focus on increasing profitability
- Increased interest rates on new sales during Q4
- More balanced growth in line with the strategy
- Focus on sales through own channels
- Focus on the Swedish market

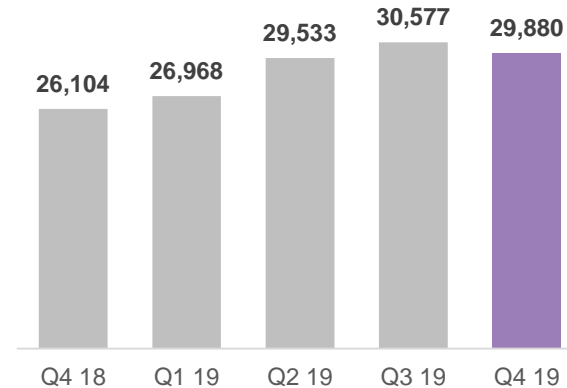
PAYMENTS

- Good organic sales growth
- Black Friday in line with expectations
- Solid inflow of new agreements with merchants, creating an attractive pipeline
- Continued focus on larger merchants

Balanced underlying lending growth and stable total income development

- Balanced underlying lending growth
- Extra credit loss provisioning of SEK 800m affecting net loan book
- Stable underlying total income development
- Continued margin pressure

Loan book (SEKm)



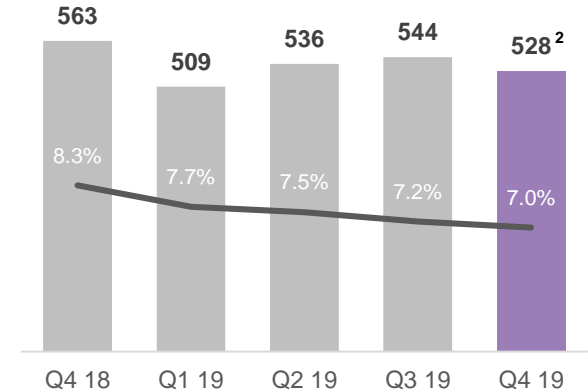
Q-o-Q

-2%

Y-o-Y

+14%

Total income (SEKm) and NIM¹



Q-o-Q

-3%

Y-o-Y

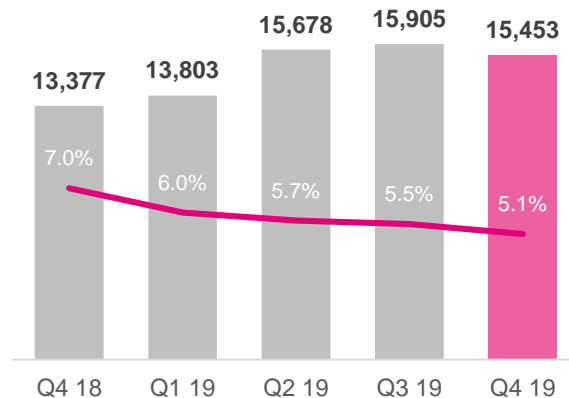
-6%

1) Quarterly annualized

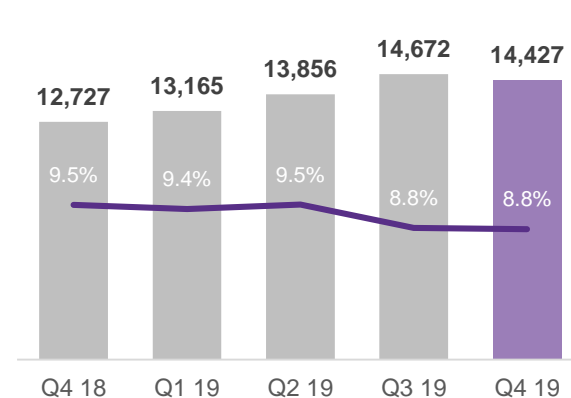
2) Adjusted for non-recurring items of SEK 142m. Reported total income of SEK 671m

Balanced volume growth with good underlying demand

Corporate – Loan book (SEKm) and NIM¹



Private – Loan book (SEKm) and NIM¹



Loan book

Q-o-Q

-3%

Q-o-Q

-2%

Y-o-Y

+16%

Y-o-Y

+13%

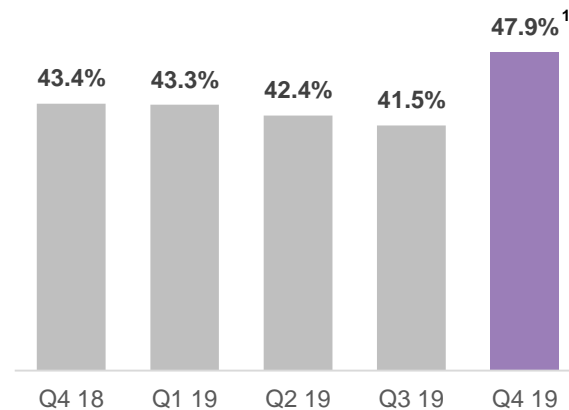
1) Quarterly annualized

- Balanced underlying growth given strategy and capital position
- Cautious approach within Corporate but good demand remains
- Underlying volume growth within Private driven by seasonality within Payments
- Continued margin pressure

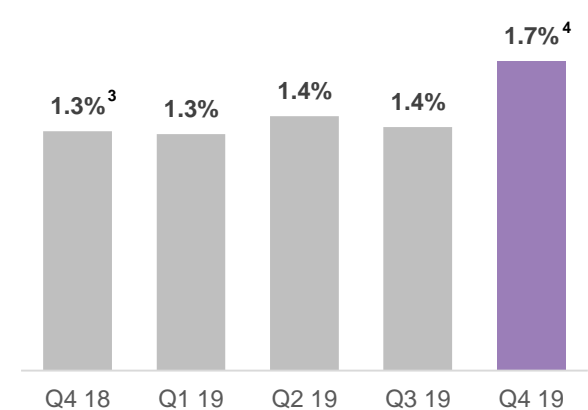
Non-recurring items affecting Q4, however further cost discipline required

- Large amount of non-recurring items during the quarter
 - Total income: SEK +142m
 - Operating expenses: SEK -168m
 - Extra provisioning: SEK -800m
- Cost/income ratio too high
 - Further attention on cost discipline required

C/I ratio



Credit losses – Quarter²



Q-o-Q +6.4 p.p.

Q-o-Q +0.3 p.p.

Y-o-Y +4.5 p.p.

Y-o-Y +0.4 p.p.

1) Total income adjusted for non-recurring items of SEK 142m. Total costs adjusted for non-recurring items of SEK -168m

2) Annualized

3) Adjusted for SEK 46m additional IFRS 9 provisioning. Reported credit losses of 2.1%

4) Adjusted for SEK 800m extra credit loss provisioning. Reported credit losses of 12.3%

Increased provisioning levels due to extra provisioning of SEK 800m

Provisioning

Private customers	31 Dec 2019	30 Sep 2019	31 Dec 2018
Provision ratio – Stage 1	1.6%	1.4%	1.2%
Provision ratio – Stage 2	16.0%	11.9%	9.5%
Provision ratio – Stage 3 – Non-purchased debt	42.3%	30.2%	29.2%
Provision ratio – Stage 3 – Purchased debt	0.0%	0.0%	0.0%
Provision ratio – Total	11.7%	8.1%	7.6%

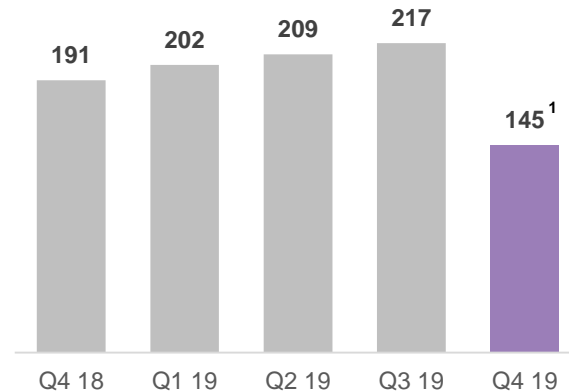
Corporate customers	31 Dec 2019	30 Sep 2019	31 Dec 2018
Provision ratio – Stage 1	0.3%	0.1%	0.1%
Provision ratio – Stage 2	1.6%	0.4%	0.4%
Provision ratio – Stage 3	20.5%	6.7%	10.6%
Provision ratio – Total	2.1%	0.5%	0.4%

- Extra credit loss provisioning of SEK 800m during Q4 2019
 - Private stage 2: SEK 50m
 - Private stage 3: SEK 550m
 - Corporate total: SEK 200m
- Significant improvement of provision ratio for Private Stage 3

Adjusted operating profit of SEK 145m

- Total non-recurring items of SEK 825m during Q4
- Adjusted operating profit of SEK 145m in line with expectations communicated on 21 January 2020

Operating profit



Q-o-Q

-33%

Y-o-Y

-24%

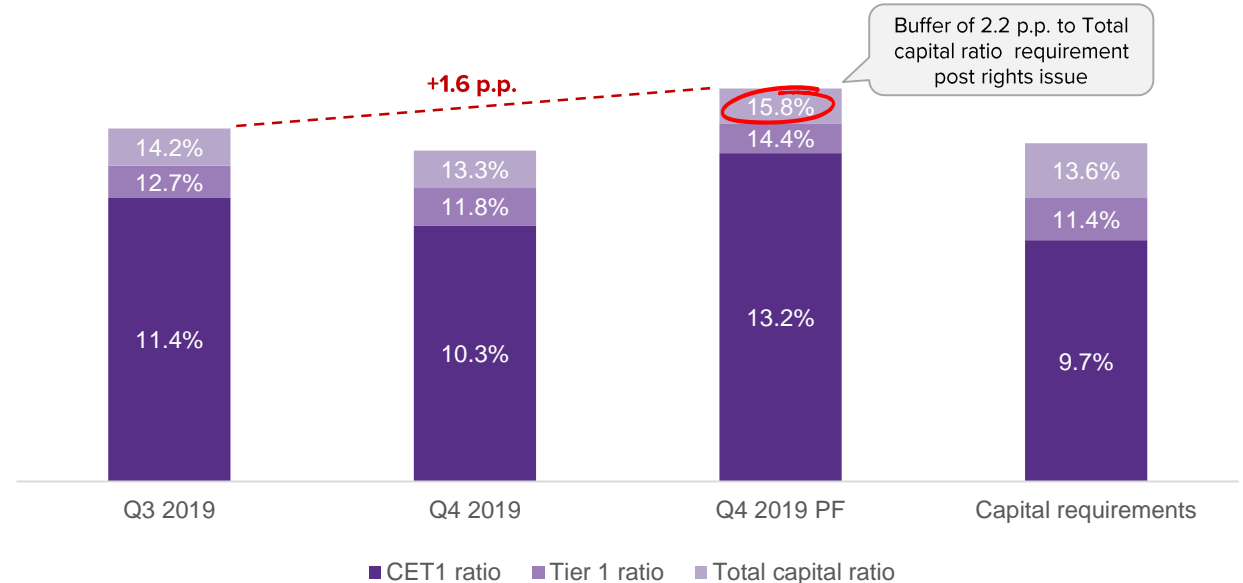
Bridge to adjusted operating profit Q4 19

SEKm	Q4 2019
Operating profit	-680
Non-recurring items, net	825
Adj. operating profit	145

1) Adjusted for non-recurring items of SEK 825m

Strengthened capital adequacy post execution of rights issue

Capital adequacy ratios and requirements



- Expected total capital ratio of 15.8% as of 31 December 2019 adjusted for rights issue

- Increase of 1.6 p.p. in relation to Q3 2019

- Lower balance sheet risk following extra provisioning

Fully guaranteed rights issue – strong support from main shareholders

- Fully guaranteed rights issue of SEK 1,000m
- Purpose to strengthen the capital adequacy ratios and execute on the strategic roadmap
- Completed Q1 2020
- Collector's largest shareholders including Fastighets AB Balder, StrategiQ Capital AB, Lena Apler and Erik Selin, representing ~72% of the share capital, have committed to subscribe for their respective pro rata shares
- The remaining ~28% of the rights issue are guaranteed by certain large shareholders, including StrategiQ Capital AB, Lena Apler and Erik Selin
- A majority of Collector's shareholders have undertaken to vote in favour of the rights issue at the EGM

Preliminary key dates

EGM

17 February 2020

Terms set and announced

25 February 2020

Subscription period

5-19 March 2020

Streamlining

Purpose

Streamlining of the Group to increase focus on core business



Divestment of Swedish third-party debt collection (closed in December 2019)



Discontinued residential mortgages offering



Intention to divest Collector Ventures in 2020

Focus going forward

- ✓ Prudent balance sheet management
- ✓ Continued and enhanced focus on increasing profitability
 - Profit before growth
 - Selective growth – resource and balance sheet allocation to more profitable products
- ✓ Increased transparency

collector