



Rediem Capital AB - Annual risk and capital adequacy reporting 2024

Publication of annual information in accordance with Pillar III

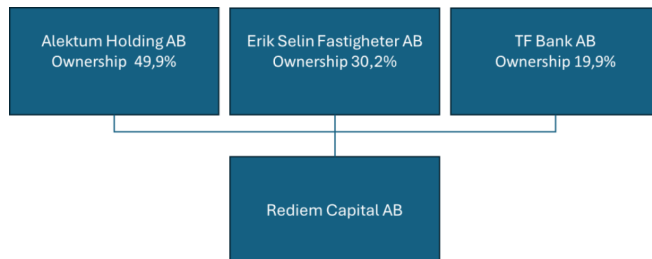
Contents

- 1. Introduction 3
 - 1.1 *Redim Capital AB in brief*..... 3
 - 1.2 *Pillar 3 report*..... 3
- 2. Risk management..... 4
 - 2.1 *Introduction*..... 4
 - 2.2 *Risk management framework – “the three lines of defense”* 5
 - 2.3 *Risk culture*..... 6
 - 2.4 *Risk appetite*..... 6
 - 2.5 *Risk strategy* 6
 - 2.6 *The Board of Directors risk declaration*..... 7
 - 2.7 *Key ratios and volumes* 7
- 3. Remunerations..... 8
- 4. Publication of key figures and qualitative information in accordance with the technical standards with regard to public disclosures by institutions EU/2021/637 and other relevant EBA guidelines..... 9
 - 4.1 *Table EU KM1 - Key figures table*..... 9
 - 4.2 *Table EU OV1 – Overview of total risk-weighted exposure amounts*..... 11
 - 4.3 *Template EU CCyB1 and CCyB2 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer*..... 12
 - 4.4 *Table EU ORA – Qualitative information on operational risk*..... 13
 - 4.5 *Table EU OVA – The risk management method of the institute*..... 14
 - 4.6 *Template EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)*..... 15

1. Introduction

1.1 Rediem Capital AB in brief

Rediem Capital AB, corporate identity number: 559310-4697, ("Rediem Capital") is a credit institution granted to conduct financing business under the supervision of the Swedish Financial Supervisory Authority. The Company was launched in September 2024 as a subsidiary to TF Bank AB (publ) acquiring all non-performing loans from the TF Bank Group. On the 21st of December 2024, Rediem Capital was sold to a consortium of three primary owners (see below). From that point on, Rediem Capital AB is not part of a consolidated situation.



Rediem Capital AB's core business is the purchase, management and restructuring of non-performing loans, with the objective to structure and manage its operations to meet the requirements for a specialized Debt Restructurer (SDR) in accordance with article 36 in the regulation (EU) 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms ("CRR").

Rediem Capital AB's funding, apart from own funds, consists predominantly of fixed term deposits from the public, with durations between 1 to 10 years.

Rediem Capital AB offers no other products or services than investment in non-performing loans and deposits.

1.2 Pillar 3 report

Through this report, Rediem Capital AB publishes annual information in accordance with CRR and the Swedish Financial Supervisory Authority's regulations (FFFS 2014:12) on prudential requirements and capital buffers. Information on liquidity risks is provided in accordance with the Swedish Financial Supervisory Authority's regulations (FFFS 2010:7) on the management and disclosure of liquidity risks for credit institutions and investment firms (updated with 2014:21). Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 and other applicable guidelines and regulations of EBA.

Rediem Capital AB is not part of a consolidated situation and will therefore disclose the tables below on solo level only. Rediem Capital AB is not listed on a stock exchange.

Rediem Capital AB is classified as a small and non-complex institution under Article 145 of the CRR and will disclose the tables in this report in accordance with Article 433b of the CRR. The disclosure under Pillar III covers, among other things, Rediem Capital AB's risks, risk management and capital adequacy and intends to cover all relevant information in the Capital Requirements Regulation that cannot be of such a sensitive nature that they risked disclosing trade secrets.

The management of Rediem Capital AB has approved the publication of this report and thereby also the management declaration addressing Article 435.1 of the Capital Adequacy Regulation. The report is published annually.

This document should be read together with the annual report for the financial year 2024 for Rediem Capital AB, www.rediemcapital.com. The information refers to balances and exposures as of December 31, 2024, in TSEK unless otherwise specified.

2. Risk management

2.1 Introduction

Rediem Capital AB's core business is the purchase, management and restructuring of non-performing loans, funded through deposits from the public. Rediem Capital AB is predominantly exposed to the following key risk areas:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk
- Other business-related risks (business-, cyclical-, and reputational risk)

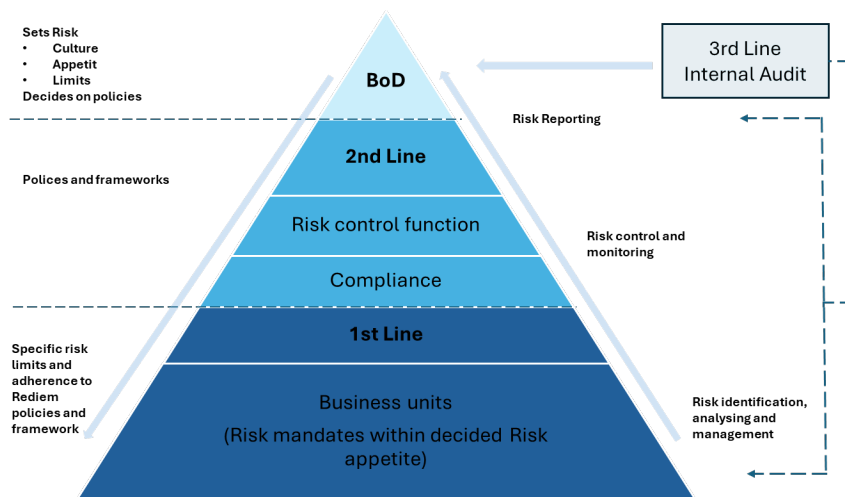
The credit risk is the major risk area of Rediem Capital AB, but it's not traditional credit risk according to the traditional credit risk definition in a credit institution "the risk of loss due to a customer's failure to meet its credit obligation". Rediem Capital AB's credit risk is not the risk of a debtor's default as this has already occurred. Rediem Capital AB's credit risk is instead the risk of debtors not repaying their debts in line with the Company's initial estimates, what we call investment credit risk.

The market risk exposure is predominantly interest rate risk in the banking book (IRRBB). Rediem Capital AB has no trading-related market risk. Instead, it's the interest rate risk stemming from the challenge of matching the asset (non-performing loan portfolios) side, with the liability (funding) side of the balance sheet from a duration perspective.

The liquidity risk is mitigated through Rediem Capital only offering fixed term deposits with a 1-10 year duration, an effect of trying to match the durations in the balance sheet to lower the interest rate risk, but also to uphold the net stable funding ratio in accordance with the SDR regulation.

The operational risks are the traditional, loss as a result of inadequate or failed internal processes, procedures and systems, human error or external events. Operational risks are present in all operations, and it is neither possible nor cost-effective to try to eliminate all operational risks. Rediem Capital works to minimize operational risks by creating efficient processes, systems and routines and maintaining good internal control.

2.2 Risk management framework – “the three lines of defense”



Redim Capital AB are organized in accordance with the three lines of defence model. The three lines of defence is the starting point for responsibility of risk management, risk governance, and the internal control framework.

The first line of defence is the operational business functions which are responsible for the daily managements of the risks that are associated with each business function. The second and third line of defence shall monitor and control the risks and risk processes deployed by the first line of defence. Independence between the first, second and third line of defence is a prerequisite in the Redim Capital AB risk governance model.

With the three lines of defence model as the organizational model, Redim Capital AB shall apply risk management and control procedures aligned to the following fundamental risk principles and objectives.

- i. *The business model and corporate values shall be the starting point for all components in the risk management and control framework.*
- ii. *All risk-taking activities must be clearly derived from the business- and strategic plan and the objectives of the customers, investors and shareholders.*
- iii. *A sound risk culture and risk awareness shall guide all operational-, business- and strategic decisions across the company.*
- iv. *Risk-taking shall consider internal and external experiences as well as stressed circumstances and be based on objective risk measurements.*
- v. *Redim Capital shall not offer products or services or deploy business practice which are not consistent with the company values or in any case could be unnecessarily detrimental to the company reputation.*
- vi. *The risk exposure shall never exceed a level which, indicated by internal risk measurements, would put Redim Capital into default during foreseeable scenarios of stress.*

Upholding a sound risk culture and measuring risks objectively, including understanding the shortcomings of the risk measurements, is essential for upholding the fundamental risk principles and objectives as set out above.

2.3 Risk culture

The risk culture is the sum of the norms, attitudes and behaviours related to risk awareness, risk attitude, risk-taking and risk management. The risk culture influences the decisions of all employees during the day-to-day activities and has an impact on the risks they assume. Establishing a sound risk culture is essential for the ability to execute on Rediem Capital AB's business- and strategic plans. An essential aspect of the risk culture is the adherence to written guidance from the Board of Directors.

All employees within Rediem Capital AB shall uphold a professional business conduct. Senior employees have a particular duty to act as ambassadors and role models and promote a sound risk culture.

A sound risk culture includes an overall respect between all employees and towards customers, investors and other external stakeholders. A problem-solving attitude shall be at the core of the risk management process.

2.4 Risk appetite

Rediem Capital AB's core business strategy is to generate returns through investments in non-performing credit portfolios. The Board of Directors appetite for credit risk is low and all investments in credit portfolios should be preceded by a thorough investment analysis to establish a correct purchase price to minimize the credit risk. Other types of risk, such as operational risk and market risk, are undesirable by the Board of Directors but unavoidable. These risks should be minimised as far as economically justifiable.

The risk appetite limit framework is constructed through aggregation techniques (quantitative or qualitative) that shall ensure that either

- i. the full limit structure, considering the individual risk limit levels, are aligned to the overall Board Risk Appetite.
- ii. The Board of Directors is informed on any weaknesses in the limit structure from an aggregated perspective.

The approved Board Risk Appetite limits shall be monitored, escalated and reported at least monthly as part of the CEO reporting and at least quarterly by the CRO.

The Board of Directors shall regularly review the Board Risk Appetite to ensure that it aligns to business- and strategy objectives, corporate culture and values within Rediem Capital AB.

2.5 Risk strategy

To support the fundamental risk principles and objectives, management shall incorporate appropriate risk strategies in the ordinary business planning process. The risk strategies shall at all times consider the following Board of Directors risk strategy ambitions and risk appetite.

Risk management process:

All identified risks shall be managed in accordance with an established risk management process. By using distributed mandates, all functions shall deploy appropriate risk mitigating activities and frequently report the effectiveness of the activities. Where the identified risks are deemed being significant, the Board of Directors shall be proposed, by the CRO, to approve adequate Board Risk Appetite Limits which will form the outer boundaries for the business and support functions to manage the risks within.

Business objective alignment:

The risk-taking shall align to the business objectives and shall never, unless explicitly approved or waived by the Board of Directors, (i) exceed Board of Directors risk appetite limits, (ii) conflict with mid- to long-term financial targets and objectives, (iii) conflict with the current or projected capital- or liquidity position. The earnings capacity and stability shall primarily be associated with credit risk and effective Asset and Liability Management (ALM).

Business planning process:

Redim Capital's financial- and operational objectives, and a description of necessary strategic actions to reach these objectives, must be documented and approved by the Board of Directors on a yearly basis. The business planning process shall consider forthcoming regulatory changes.

Prior to Board of Directors approval, the CRO and the risk control function shall present an assessment of (i) the viability of the business plan and (ii) consequences for the risk level and profile if the business plan is successfully executed. The starting point for the assessment shall be the applicable Risk Taxonomy, and the outcome from Redim Internal Capital and Liquidity Adequacy Assessment Process (ICLAAP). The ICLAAP shall provide descriptions of the risk levels using the business planning outcome as a baseline scenario which shall be subject to relevant stress tests. Redim Capital's Recovery Plan shall support the business- and strategic planning with relevant financial recovery options in the case where the financial position is subject to severely stressed circumstances.

Concentration and industry knowledge:

The earnings capacity and stability shall not be dependent towards a small subset of individual customers. In addition, the earnings capacity and stability shall not be dependent on markets where the economical-, regulatory- or operational prerequisites are unknown or related with a high degree of risk.

2.6 The Board of Directors risk declaration

Through its operations, Redim Capital AB is exposed to several different financial risks: credit risk, market risk (as currency risk and interest rate risk), and liquidity risk, but also operational risk and other operational risks such as business risks, cyclical risks, reputational risks, compliance risks and risks related to financial crime.

Redim Capital AB has designed an operational structure to ensure good risk management. The overall Risk Policy, approved by the Board of Directors, regulates the Executive Management and all employees of Redim Capital regarding risk management and aims to minimize potential adverse effects on the company's financial results.

It is the opinion of the Board of Directors and the executive management of Redim Capital AB that the Company has adequate risk management arrangements, adapted to our business model, risk appetites and risk management strategy.

2.7 Key ratios and volumes

Detailed information on volumes and key ratios in accordance with art 433b in CRR will be presented through the published tables in section 4 below. This report should also be read together with the annual report for the financial year 2024 for Redim Capital AB, www.redimcapital.com for additional information regarding balance- and income statements, portfolios, detailed risk information and general information through texts and notes that will serve as a complement to the information given in this publication.

3. Remunerations

Redim Capital AB aims to have a remuneration system that considers the importance of a sound, gender neutral and differentiated compensation structured based on the needs of Redim Capital's business and the local market.

Remuneration systems and governance shall contribute to long-term value creation for shareholders, attract, develop and retain employees, and ensure sound and effective risk management.

Variable remuneration, if applicable, shall be based on risk-adjusted performance measurements, and corresponding risk definitions. Remuneration to employees within independent control functions shall be independent of the result in the business area that they control. Function specific goals shall be applied, ensuring that the functions are not motivated by risk taking or increased revenues.

The remuneration policy shall be established in accordance with the applicable regulations and be consistent with and promote sound risk management. It shall counteract excessive or unjustified risk taking and ensure that remuneration schemes do not adversely affect Redim's risk profile.

The remuneration policy defines the foundation and principles for determining, applying, and following up on the remuneration system. The remuneration policy encompasses all employees.

During 2024, there has been no variable remuneration or bonuses paid to any employee. All remuneration is fixed salaries.

4. Publication of key figures and qualitative information in accordance with the technical standards with regard to public disclosures by institutions EU/2021/637 and other relevant EBA guidelines

4.1 Table EU KM1 - Key figures table

All amounts are in thousand SEK

	TSEK	2024-12-31
	Available own funds (amount)	
1	Common Equity Tier 1 (CET1) capital	439 193
2	Tier 1 capital	439 193
3	Total capital	439 193
	Risk-weighted exposure amounts	
4	Total risk-weighted exposure amounts	1 751 166
	Capital ratios (as a percentage of risk-weighted the amount of exposure)	
5	Common Equity Tier 1 ratio (%)	25,1
6	Tier 1 ratio (%)	25,1
7	Total capital ratio (%)	25,1
	Total own funds requirements (TSCR ratio) (%)	
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3,8
EU 7b	- Of which is to be made up of CET1 Capital	2,1
EU 7c	- Of which is to be made up of Tier 1 Capital	2,8
EU 7d	Total own funds requirements (TSCR ratio) (%)	11,8
	Combined buffer requirement and Total capital requirement (as a percentage of the risk-weighted exposure amount)	
8	Capital conservation buffer (%)	2,5
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	N/A
9	Institution specific countercyclical capital buffer (%)	1,4
EU 9a	Systemic risk buffer (%)	N/A
10	Global Systemically Important Institution buffer (%)	N/A
EU 10a	Other Systemically Important Institution buffer	N/A

11	Combined buffer requirement (%)	3,9
EU 11a	Overall capital requirements (OCR) (%)	15,7
12	CET1 available after meeting the total SREP own funds requirements (%)	13,3
	Leverage ratio	
13	Leverage ratio total exposure measure	4 154 571
14	Leverage ratio	10,6
	Additional own funds requirements to address the risk of too low leverage ratio (as a percentage of the total exposure measure)	
EU 14a	Additional CET1 leverage ratio requirements (%)	N/A
EU 14b	Additional AT1 leverage ratio requirements (%)	N/A
EU 14c	Additional T2 leverage ratio requirements (%)	N/A
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of the total exposure measure)	
EU 14e	Applicable leverage buffer	N/A
EU 14f	Overall leverage ratio requirements (%)	3
	Liquidity coverage ratio (LCR)	
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	2 429 297
EU 16b	Liquidity inflows – total weighted value	6 826
EU 16a	Liquidity outflows – total weighted value	9 101
16	Total net cash outflows (Adjusted value)	2 275
17	Liquidity coverage ratio (%)	106 775
	Net Stable Funding Ratio (NSFR)	
18	Total available stable funding	3 951 216
19	Total required stable funding	1 637 138
20	NSFR ratio (%)	241

4.2 Table EU OV1 – Overview of total risk-weighted exposure amounts

All amounts are in thousand SEK

		Total risk-weighted exposure amount	Total own funds requirements
		2024-12-31	2024-12-31
1	Credit risk (excluding CCR)	1 603 205	128 256
2	Of which the standardized approach	1 603 205	128 256
3	Of which the foundation IRB (F-IRB) approach		
4	Of which: slotting approach		
EU 4a	Of which: equities under the simple risk weighted approach		
5	Of which the advanced IRB (A-IRB) approach		
6	Counterparty credit risk – CCR	13 868	1 109
7	Of which the standardized approach	6 954	556
8	Of which the standardized approach		
EU 8a	Of which exposures to a CCP		
EU 8b	Of which credit valuation adjustment – CVA	6 914	553
9	Of which other CCR		
15	Settlement risk	N/A	N/A
16	Securitization exposures in the non-trading book (after the cap)	N/A	N/A
17	Of which SEC-IRBA approach		
18	Of which SEC-ERBA (including IAA)		
19	Securitization - Of which SEC-SA approach		
EU 19a	Securitization - Of which 1250%/ deduction		
20	Position, foreign exchange and commodities risks (Market risk)	N/A	N/A
21	Of which the standardized approach		
22	Of which IMA		
EU 22a	Large exposures	N/A	N/A
24	Operational risk	134 093	10 727
EU 24a	Of which basic indicator approach		
EU 24b	Of which the standardized approach	134 093	10 727
EU 24c	Of which advanced measurement approach		
29	Total	1 751 166	140 092

4.3 Template EU CCyB1 and CCyB2 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

All amounts are in thousand SEK

Per country	General credit exposures		Exposures in the trading book		Exposures through Securitisation		Own funds requirements						
	TSEK	Exposure value according to (SA)	Exposure value according to (IRB)	The sum of long and short positions in the trading book	Value of exposures in the trading book under the IRB	Exposure value according to (SA)	Exposure value according to (IRB)	Of which credit exposures	Of which trading exposures	Of which exposures through Securitisations	Total Exposures	Exposure in relation to own funds	Countercyclical capital buffer
SWEDEN		107 805						8 624			8 624	7,00%	0,14%
FINLAND		244 762						19 581			19 581	15,00%	0,00%
NORWAY		572 243						45 779			45 779	36,00%	0,90%
DENMARK		23 385						1 871			1 871	1,00%	0,03%
ESTONIA		72 560						5 805			5 805	5,00%	0,08%
LATVIA		61 708						4 937			4 937	4,00%	0,02%
LITHUANIA		0						0			0	0,00%	0,00%
POLAND		0						0			0	0,00%	0,00%
GERMANY		494 741						39 579			39 579	31,00%	0,23%
AUSTRIA		31 580						2 526			2 526	2,00%	0,00%
SPAIN		0						0			0	0,00%	0,00%
Luxembourg		1 374						110			110	0,00%	0,00%

Amount of institution-specific countercyclical capital buffer

TSEK	2024-12-31
Total Risk Exposure Amount	1 751 166
Institution-specific countercyclical capital buffer %	1,40%
Institution-specific countercyclical capital buffer amount	24 516

4.4 Table EU ORA – Qualitative information on operational risk

Free text field on the publication of qualitative information

Legal basis	row nbr	Qualitative information – Free text	
Article 435.1 a, b, c and d of the CRR	a)	Publication of the risk management objectives and risk policy	See section 2.2 and 2.5

4.5 Table EU OVA – The risk management method of the institute

Free text field on the publication of qualitative information

Legal basis	Row nbr	Qualitative information – Free text	
Article 435.1 f of the CRR	a)	Publication of a summary risk statement approved by the management body;	See section 2.1 and 2.2
Article 435.1 e of the CRR	c)	A declaration, approved by the management body, that the risk management arrangement is satisfactory;	See section 2.6
Article 435.1 a of the CRR	f)	Strategies and processes for managing the risks in each individual risk category.	See section 2.2 -2.5

4.6 Template EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

All amounts are in thousand SEK

	a	b	c	d	e	f	g	h	i	j
	Management body remuneration			Business areas						
	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
Total number of identified staff										6
Of which: members of the MB		5	5							
Of which: other senior management				N/A	1	N/A				
Of which: other identified staff										
Total remuneration of identified staff		3 001,6			171.2					
Of which: variable remuneration		N/A			N/A					
Of which: fixed remuneration		3 001,6			171.2					