DISCLOSURE OF INFORMATION CONCERNING THE REMUNERATION POLICY AND THE REMUNERATION SYSTEMS

The following remuneration information is disclosed in accordance with article 450 in the Regulation (EU) No 575/2013 ("CRR"), chapter 2 section 11 of the Swedish Financial Supervisory Authority's regulations FFFS 2011:1 as well as chapter 8 of the Swedish Financial Supervisory Authority's regulations FFFS 2014:12.

Decision process for the remuneration policy

The Board of Directors of Hoist Finance AB (publ) ("HOFI") has adopted a remuneration policy that is applicable to all employees within the consolidated situation of HOFI (the "Group"). The remuneration policy is, inter alia, based on FFFS 2011:1 and EBA Guidelines on sound remuneration policies 2021/04 and aims to be fully compliant with the undertakings imposed therein. Following FFFS 2011:1, the remuneration policy is based on an analysis of risks related to the remuneration policy and the remuneration system. The Board of Directors decides whether or not variable remuneration to senior management shall be paid out and on the amount to be paid out. Consultancy services have been used in connection with the drafting of the remuneration policy.

Remuneration Committee

The Board of Directors has established a remuneration committee to prepare its remuneration decisions. The Remuneration Committee shall consist of at least two members of the Board. All Committee members except the chairman shall be independent of the Company and its executive management. The members of the Remuneration Committee shall have sufficient knowledge and experience of risk management and remuneration matters. The Remuneration Committee's duties are outlined in instructions adopted by the Board of Directors. The remuneration committee shall have at least two meetings per year. During 2023 seven (7) meetings were held.

The Remuneration Committee shall make an independent evaluation of the Group's remuneration policy and its systems for determining and paying remuneration and report the result to the Board of Directors. The remuneration committee shall further prepare matters (i) in which the Board of Directors shall determine the remuneration to senior management and employees responsible for any of the internal Group control functions and, (ii) recommend the measures that are to be applied in order to ensure full compliance with the remuneration policy.

Principles for determining remuneration

The remuneration policy requires that employees are rewarded for doing a good job, for growing a sustainable business for all stakeholders and for building a company characterized by the Group's shared values. The remuneration policy further requires that employees are offered a fair and market aligned remuneration package that contains financial and non-financial components to support the development journey of the Group and the individual.

Remuneration within the Group primarily consists of fixed remuneration which is sometimes combined with variable remuneration to ensure an appropriate, balanced and market aligned remuneration package for all employees. Different variable remuneration schemes exist, and are applicable to different categories of employees. For senior management and other selected participants, the Group offers a variable cash-based remuneration scheme where part of the remuneration is deferred for up to three years.

In the scheme for senior management, financial targets will determine 80% and non-financial targets will determine 20% of the variable remuneration attributable to 2023. The financial targets for 2023 were based on Return on Equity (RoE). The non-financial targets for the financial year 2023 are, for risk takers who are not members of the executive management team, well defined and documented individual objectives. For the executive management team the non-financial targets are based on input from a Leadership index (employee survey). Criteria for the performance assessment and risk adjustment may vary depending on the goal setting program and the category of employees concerned.

Measuring of results and risk adjustment

The result and all measures used as a basis for the variable remuneration (cash flow, earnings, profitability or other) shall be measured and risk adjusted. In order to mitigate the risk of disproportionate costs, which could affect the Group's ability to meet its current capital requirements and/or foreseeable capital needs, remuneration must also be in proportion to the Group's and the local entities' earning capacity, profits, liquidity positions and general financial position.

Deferment and payment

When certain criteria are met, variable remuneration shall be deferred. For employees whose work tasks can have material impact on the Group's risk profile (risk takers), whose variable remuneration for one year amounts to at least SEK 200,000 (approx. EUR 17,600), 51 per cent of the variable remuneration shall be deferred for a period of at least three years.

The Board of Directors decides when and if to pay out deferred remuneration. When certain criteria are met, variable remuneration, including deferred parts of variable remuneration, may be suspended in part or in whole. Deferred remuneration may only be paid out if this is defendable with respect to the Group's financial situation and the results of the Group, the profit center concerned and the employee.

Deferred remuneration may be paid out once a year, evenly apportioned over the period for which the remuneration has been deferred. The first deferred payment may be made one year after the variable remuneration in question was decided on.

Ownership

The ownership of the remuneration funds is only passed on to the employee on the decided payment date.

Ratio between fixed and variable remuneration

The Board of Directors has determined a maximum percentage of variable remuneration relative to the fixed remuneration. This percentage varies according to the type of role held by an employee. The maximum amount of variable remuneration paid each year must not exceed 100 per cent of the fixed remuneration.

Result criteria

In the event of variable remuneration to senior management or employees whose work tasks can have a material impact on the Group´s risk profile, the total remuneration shall be based on a combination of individual results and the Group or country RoE. Individual results shall be measured on both a financial and non-financial basis. Each decision on variable remuneration shall take into account the employee's compliance with internal rules and procedures, including policies regarding conduct toward customers and investors.

Other variable components and other non-cash benefits

Certain employees may, in exceptional cases, be eligible to other remuneration components such as sign-on remuneration. Employees may also be entitled to other non-cash company benefits such as health care, insurance, car benefit or other benefits.

Remuneration 2023 for senior management and employees whose work tasks can have material impact on the Group's risk profile

The information below relates to the business year of 2023 unless otherwise stated. Variable remuneration concerning 2023 is included even if the remuneration has been determined and/or paid during 2024. The information is presented on the basis of the consolidated situation of the Group.

The key risks for Hoist Finance

Description	Risk profile	Risk management
Credit risk The risk to earnings and/or capital arising from a counterparty's failure to repay principal or interest at the stipulated time or failure to otherwise perform as agreed.	Credit risk refers mainly to acquired loan portfolios and the risk that collections will be lower than forecasted in case of non-performing loans. For acquired performing loans the risk refers to a loss if the borrower fails to meet their credit obligation. Other credit risk exposures are (i) cash deposits with banks, (ii) investments in fixed income instruments, and (iii) counterparty risk relating to hedging of FX and interest rate risk.	Credit risk in acquired loan portfolios is monitored, analysed and managed by the management in each country and by the Group's Business Control function. Other credit risks are analysed and managed by the Treasury function. The Group's Risk Control function analyses and controls all credit risk exposures.
Operational risk The risk of loss resulting from inadequate or failed internal processes, people, IT systems or from external events, including legal and compliance risk.	Large losses and negative incidents due to failures in operations are rare. Given the nature of Hoist Finance's operations, it is not possible or cost effective to try to eliminate all operational risk. The goal is rather to minimise operational risk.	Routines for group-wide incident reporting, tracking of key risk indicators and regular training courses. The "dual-control" is applied to critical decisions and is supported by back-up routines, e.g., in the form of ratified business continuity plans.
ICT risk The risk associated with incidents that affect the confidentiality, accuracy and accessibility of ICT assets	The ICT incidents are typically scalable and can potentially give rise to other risks, such as financial, regulatory and operational risks	Security function is focusing on safeguarding customer data and business-critical information. The function is engaged through all three layers of defence that actively work with security.
Market risk The risk to earnings, capital or liquidity arising from adverse movements in market prices. This includes FX risk and interest rate risk.	The main FX risks arise from the fact that the loan portfolios (the assets) are denominated in EUR, PLN and GBP, while the reporting currency is SEK and the majority of liabilities are denominated in SEK and EUR. Interest rate movements have an effect on net interest income.	Market risks are hedged continuously by the Group's Treasury function and independently analysed and controlled by the Group's Risk Control function.
Liquidity risk The risk of difficulties in obtaining funding and thus, not being able to meet payment obligations at maturity without encountering significantly higher financing costs.	Liquidity risk in Hoist Finance stems primarily from the risk of unexpected outflow of deposits, the risk of cash outflow due to mark-to-market of hedging derivatives and the re-financing risk of existing wholesale funding.	The Group has a significant liquidity reserve to cover potential outflows of liquidity. Liquidity risk monitored on daily and monthly basis by Group's Treasury function and independently analysed and controlled by the Group's Risk Control function.

The following requirements form part of the remuneration policy, and aim at ensuring sound incentives and highlight how risks affect remuneration.

Variable Remuneration schemes shall promote sound risk management and shall not induce excessive risk taking.

The Variable Remuneration scheme shall contain non-financial criteria, meaning objectives with regard to an Employee's compliance with internal rules and procedures, including policies regarding conduct toward customers and investors. Pay-out is not made if the Employee has been responsible for any conduct resulting in significant financial losses.

Variable Remuneration shall be aligned with the Group's risk appetite and also take into account capital and liquidity requirements. Risk alignment shall be achieved by using risk adjusted performance criteria that do not incentivize excessive risk taking.

Additional information on remuneration is disclosed in the 2023 annual report.