

# INTERIM REPORT

JANUARY-JUNE

# 2021



AVIDA FINANS AB (PUBL)  
556230-9004

**AVIDA**

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# CEO COMMENTS

## New steps in the right direction during the second quarter

*We see continued, cautious, volume growth during the second quarter of the year. Growth was primarily driven by seasonal*

*growth in our existing customer portfolio and the total volume increased to SEK 10,844 million. Reduced credit losses and*

*increased revenues compared to the first quarter of the year produced a profit of SEK 25 million for the period.*



We can confirm that new sales within Business Finance will take a little extra time also this quarter. But we have a strong pipeline, which is now starting to generate real and important business for us. During the quarter, work has continued in the business area with reviewing the existing credit portfolio with the aim of getting a clearer focus on our exposures. Where we have previously sought growth relatively widely, we are now concentrating our business and our offers further.

In Consumer Finance, the growth rate is similar to the one we had during the first quarter of the year and we can note that we are now starting to grow in terms of volume in our Norwegian market, which has been

long-awaited. During the pandemic, we have had to act in Finland based on the interest rate limit set by the Finnish authorities. This interest ceiling will be removed during the third quarter, which will affect volumes positively but will also improve margins and revenue.

### **NET INTEREST INCOME IS KEPT UP THANKS TO LOWER FINANCING COSTS**

The average interest rate and our revenues were kept up well during the quarter and we see a positive effect of our reduced financing costs during the period. The primary source of financing for Avida is the deposit accounts with attractive interest rate that we offer in NOK, SEK and Euro. Here we have been

able to lower the interest rate gradually during the period and thus have seen our financing costs drop.

### **COSTS AND CREDIT LOSSES AT LOW, STABLE LEVELS**

The costs have increased slightly during the quarter, mainly driven by recruitment and consulting costs of a one-off character. However, the underlying cost development remains stable at a low level. Credit losses have also been at a low level this quarter and we see no direct negative effects linked to the pandemic, neither in the consumer nor the business market. Compared to the fourth quarter of 2020, credit losses have come down significantly and we are now at a stable, lower level, which feels comfortable

in the long term for us.

### FOCUSED TEAMWORK FOR FAST LAUNCH

During the quarter we launched our payment insurance product in our Finnish consumer market. The product is important to us as a source of revenue, but above all to our customers who in the insurance get extra security if they lose their work or become long-term ill and find it difficult to pay interest and amortisation. The project of launching the insurance product is a clear example of how fast and successfully Avida's employees can get things done. If it hadn't been for the focused and informal cooperation internally, it wouldn't have gone so quickly from decision to launch of the insurance in our Finnish market.

### NEW POSSIBILITIES WITH A NEW, MODERN PLATFORM

The quarter also included continued work on implementing Avida's new business system. It is a platform that will provide a modern and efficient base on which to stand, and a

system that gives us a scalable business and a modern interface for our customers. We will be able to increase customer satisfaction and extend the time that the customer remains with us, thereby also increasing our profitability. Final tests have been carried out during the quarter and the delivery of the first stage of the platform change will take place during the third quarter on the Norwegian market, after which Sweden will follow during the fourth quarter and finally Finland during the beginning of 2022.

### IMPORTANT EVENTS DURING THE PERIOD

At the end of June, it was announced that Tine Gottlob Wollebeck will be appointed as the new CEO of Avida. When she joins, Pehr Olofsson, who has been the Interim CEO during the first half of the year, will return to his regular role as CFO at Avida.

### A BRIGHTER FUTURE IN SIGHT

At the end of the spring and early summer, Avida made a number of key recruitments

at management level that will have a good impact on the business going forward and with a clearly focused business strategy, committed board, competent employees and a customised product range, Avida is well equipped to continue on the growth journey.

**Stockholm 26/08/2021**

**Pehr Olofsson**  
**Interim CEO**



# Key ratios

GROUP	Q2 2021	Q1 2021	Q4 2020	Jan-Dec 2020	Q2 2020
<b>SEK MILLION</b>					
Net interest income	194	176	191	724	177
Net commission income	4	4	3	12	2
Profit/loss before credit losses	120	105	106	442	112
Credit losses, net	-95	-98	-133	-437	-118
Operating profit	25	7	-27	5	-6
Loans to credit institutions	1,450	1,978	1,085	1,085	1,967
Loans to the public	10,844	10,356	9,979	9,979	9,831
Deposits from the public	11,366	11,388	10,160	10,160	10,950
Equity	1,339	1,325	1,323	1,323	1,099
Solidity (%)	10.2	10.1	11.2	11.2	8.8
C/I ratio	0.40	0.41	0.45	0.39	0.37
Return on equity (%)	5.8	1.8	-7.0	0.7	-2.5
Total capital ratio (%)	16.2	16.7	17.8	17.8	15.2
Provision ratio (%)	7.0	6.7	6.1	6.1	4.4
<b>PARENT COMPANY</b>					
<b>SEK MILLION</b>					
Net interest income	191	173	189	711	173
Net commission income	4	4	3	12	2
Profit/loss before credit losses	119	104	104	437	113
Credit losses, net	-94	-98	-132	-436	-118
Operating profit	24	6	-28	1	-5
Loans to credit institutions	1,438	1,967	1,075	1,075	1,956
Loans to the public	10,843	10,355	9,978	9,978	9,826
Deposits from the public	11,366	11,388	10,160	10,160	10,950
Equity	1,330	1,317	1,316	1,316	1,071
Solidity (%)	10.2	10.1	11.1	11.1	8.6
C/I ratio	0.40	0.40	0.46	0.39	0.35
Return on equity (%)	5.4	1.6	-7.1	-0.1	-2.1
Total capital ratio (%)	16.2	16.7	17.8	17.8	15.0
Provision ratio (%)	7.0	6.7	6.1	6.1	4.4

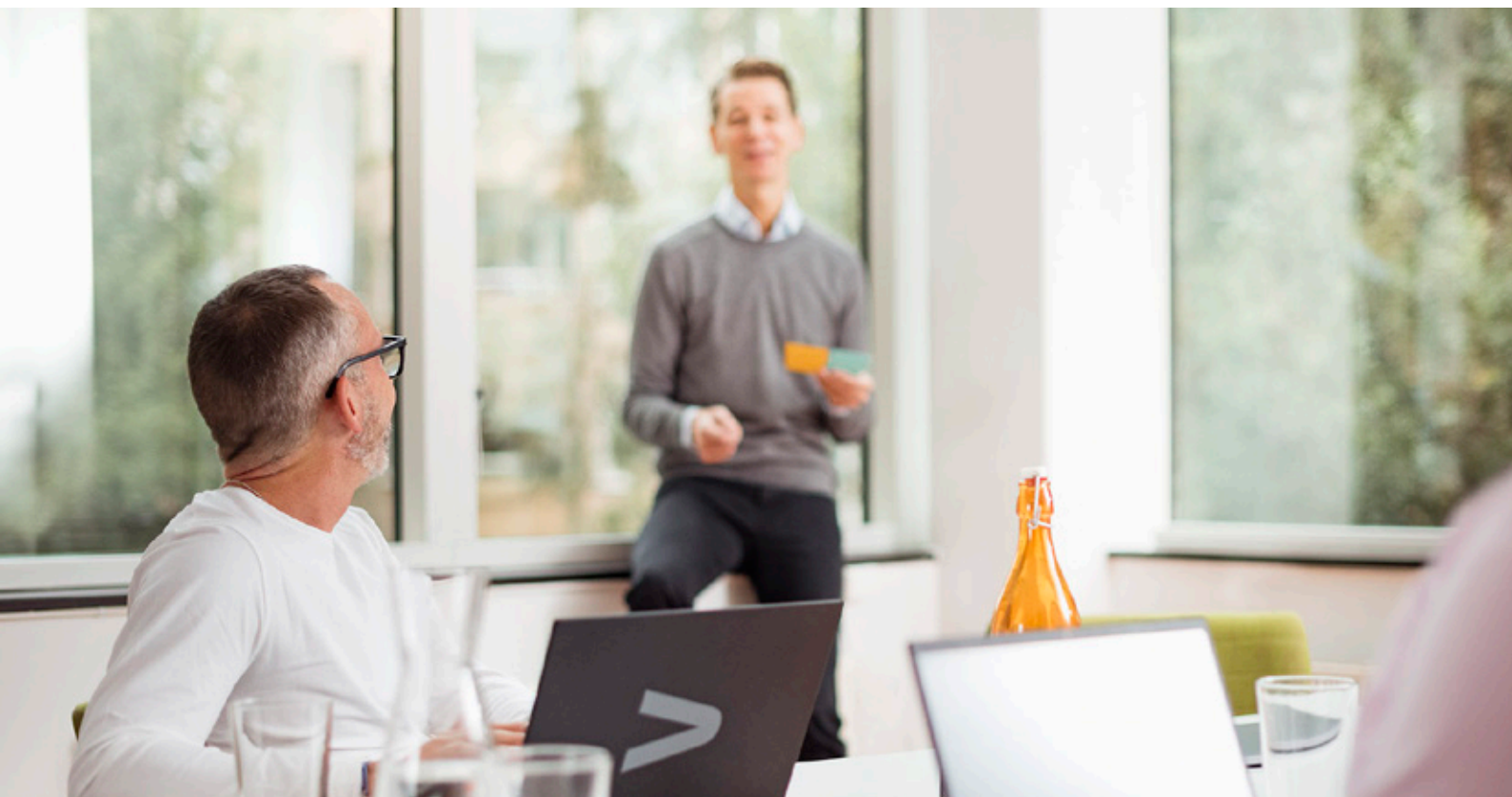
### FINANCIAL DEVELOPMENT

Avida continued to grow during the second quarter of the year. Lending to the general public increased by 5% during the quarter and was at the end of the quarter SEK 10,844 million. The increase during the second quarter was driven by growth within both Consumer Finance and Business Finance. This is primarily driven by growth in Sweden on the consumer side, and on the corporate side the increase is mainly attributable to the factoring portfolio in Sweden and Finland. Avida reports a strong net interest income with an increase of 10%. This is primarily driven by improved financing costs, while the revenue margin has been stable.

Costs increased during the quarter by 12% to SEK 73 million. This is primarily driven by increased staff costs and somewhat higher consulting costs. This means that earnings before credit losses increase by 14% to SEK 120 million.

Credit losses decreased somewhat during the quarter to SEK 95 million. The underlying credit quality has been good both within Consumer Finance and Business Finance. We have still not had any direct negative impact driven by Covid-19

Avida's profit before tax for the period amounted to SEK 25 million.



## Income statement

GROUP	Note	Q2 2021	Q1 2021	%	Q4 2020	Jan-Dec 2020	Q2 2020	%
<b>SEK million</b>								
Interest income	5	224.0	209.0	7%	237.4	919.7	229.3	-2%
Interest expenses	5	-30.2	-33.0	-9%	-45.9	-195.7	-52.6	-43%
<b>NET INTEREST INCOME</b>		<b>193.8</b>	<b>175.9</b>	<b>10%</b>	<b>191.5</b>	<b>724.1</b>	<b>176.7</b>	<b>10%</b>
Commission income	6	4.0	3.7	6%	2.8	11.5	2.4	63%
Commission expense	6	-	-	-	-	-	-	-
<b>NET COMMISSION INCOME</b>		<b>4.0</b>	<b>3.7</b>	<b>6%</b>	<b>2.8</b>	<b>11.5</b>	<b>2.4</b>	<b>63%</b>
Net profit/loss of financial transactions		1.8	-3.5	-	-0.8	-8.1	-0.7	-
Other income		0.1	-	-	-0.3	0.6	0.3	-47%
<b>TOTAL OPERATING INCOME</b>		<b>199.7</b>	<b>176.2</b>	<b>13%</b>	<b>193.2</b>	<b>728.2</b>	<b>178.7</b>	<b>12%</b>
General administrative expenses		-72.9	-65.3	12%	-73.9	-259.3	-62.2	17%
Depreciation and impairments of tangible and intangible fixed assets		-6.8	-6.0	14%	-13.4	-27.3	-4.5	52%
<b>TOTAL COSTS BEFORE CREDIT LOSSES</b>		<b>-79.7</b>	<b>-71.3</b>	<b>12%</b>	<b>-87.3</b>	<b>-286.6</b>	<b>-66.7</b>	<b>20%</b>
<b>PROFIT/LOSS BEFORE CREDIT LOSSES</b>		<b>120.0</b>	<b>104.9</b>	<b>14%</b>	<b>105.8</b>	<b>441.6</b>	<b>112.0</b>	<b>7%</b>
Credit losses, net	7	-94.6	-97.8	-3%	-132.7	-436.6	-118.0	-20%
<b>OPERATING PROFIT/LOSS</b>		<b>25.4</b>	<b>7.1</b>	<b>256%</b>	<b>-26.9</b>	<b>5.0</b>	<b>-6.0</b>	<b>-</b>
<b>PROFIT/LOSS BEFORE TAX</b>		<b>25.4</b>	<b>7.1</b>	<b>256%</b>	<b>-26.9</b>	<b>5.0</b>	<b>-6.0</b>	<b>-</b>
Tax on annual profit/loss		-6.1	-1.1	461%	3.6	-3.0	-0.9	-
<b>NET PROFIT FOR THE PERIOD</b>		<b>19.3</b>	<b>6.1</b>	<b>220%</b>	<b>-23.3</b>	<b>2.0</b>	<b>-6.8</b>	<b>-</b>

## Statement of comprehensive income

GROUP	Note	Q2 2021	Q1 2021	Q4 2020	Jan-Dec 2020	Q2 2020
<b>SEK million</b>						
<b>NET PROFIT FOR THE PERIOD</b>		<b>19.3</b>	<b>6.1</b>	<b>-23.3</b>	<b>2.0</b>	<b>-6.8</b>
Changes in the fair value of financial assets valued at fair value through other comprehensive income	10, 11	-	-	-	-	-
Currency rate differences when translating foreign operations		1.4	0.9	-0.5	3.6	0.6
Changes in Tier 1 instrument		-5.3	-4.9	-5.1	-21.0	-5.4
<b>Total items that may be subsequently reclassified to the income statement</b>		<b>-3.9</b>	<b>-4.0</b>	<b>-5.7</b>	<b>-17.4</b>	<b>-4.8</b>
<b>TOTAL PROFIT/LOSS FOR THE PERIOD</b>		<b>15.5</b>	<b>-2.1</b>	<b>-29.0</b>	<b>-15.4</b>	<b>-11.6</b>

## Income statement

PARENT COMPANY	Note	Q2 2021	Q1 2021	%	Q4 2020	Jan-Dec 2020	Q2 2020	%
SEK million								
Interest income	5	220.9	206.0	7%	234.1	906.7	225.5	-2%
Interest expenses	5	-30.2	-32.9	-8%	-45.3	-195.6	-52.7	-43%
<b>NET INTEREST INCOME</b>		<b>190.7</b>	<b>173.0</b>	<b>10%</b>	<b>188.8</b>	<b>711.2</b>	<b>172.8</b>	<b>10%</b>
Commission income	6	4.0	3.7	6%	2.8	11.5	2.4	63%
Commission expense	6	-	-	-	-	-	-	-
<b>NET COMMISSION INCOME</b>		<b>4.0</b>	<b>3.7</b>	<b>6%</b>	<b>2.8</b>	<b>11.5</b>	<b>2.4</b>	<b>63%</b>
Net profit/loss of financial transactions		1.8	-3.6	-	1.6	-8.2	-0.3	-
Other income		0.1	-	-	0.4	1.3	0.2	-49%
<b>TOTAL OPERATING INCOME</b>		<b>196.6</b>	<b>173.2</b>	<b>13%</b>	<b>193.6</b>	<b>715.8</b>	<b>175.1</b>	<b>12%</b>
General administrative expenses		-73.6	-64.2	15%	-77.7	-258.4	59.1	25%
Depreciation and impairments of tangible and intangible fixed assets		-4.5	-4.8	-6%	-11.6	-20.0	-2.7	67%
<b>TOTAL COSTS BEFORE CREDIT LOSSES</b>		<b>-78.0</b>	<b>-69.0</b>	<b>13%</b>	<b>-89.3</b>	<b>-278.4</b>	<b>-61.8</b>	<b>26%</b>
<b>PROFIT/LOSS BEFORE CREDIT LOSSES</b>		<b>118.5</b>	<b>104.2</b>	<b>14%</b>	<b>104.3</b>	<b>437.3</b>	<b>113.3</b>	<b>5%</b>
Credit losses, net	7	-94.5	-97.8	-3%	-132.4	-436.2	-118.0	-20%
<b>OPERATING PROFIT/LOSS</b>		<b>24.1</b>	<b>6.4</b>	<b>278%</b>	<b>-28.1</b>	<b>1.1</b>	<b>-4.7</b>	<b>-</b>
<b>PROFIT/LOSS BEFORE TAX</b>		<b>24.1</b>	<b>6.4</b>	<b>278%</b>	<b>-28.1</b>	<b>1.1</b>	<b>-4.7</b>	<b>-</b>
Tax on annual profit/loss		-6.1	-1.1	461%	4.4	-2.2	-0.9	-
<b>NET PROFIT FOR THE PERIOD</b>		<b>18.0</b>	<b>5.3</b>	<b>241%</b>	<b>-23.7</b>	<b>-1.1</b>	<b>-5.6</b>	<b>-</b>

## Statement of comprehensive income

PARENT COMPANY	Note	Q2 2021	Q1 2021	Q4 2020	Jan-Dec 2020	Q2 2020
SEK million						
<b>NET PROFIT FOR THE PERIOD</b>		<b>18.0</b>	<b>5.3</b>	<b>-23.7</b>	<b>-1.1</b>	<b>-5.6</b>
Changes in the fair value of financial assets valued at fair value through other comprehensive income	10, 11	-	-	-	-	-
Currency rate differences when translating foreign operations		0.3	0.4	0.4	3.9	0.3
Changes in Tier 1 instrument		-5.3	-4.9	-5.1	-21.0	-5.4
<b>Total items that may be subsequently reclassified to the income statement</b>		<b>-5.0</b>	<b>-4.6</b>	<b>-4.7</b>	<b>-17.0</b>	<b>-5.1</b>
<b>TOTAL PROFIT/LOSS FOR THE PERIOD</b>		<b>13.0</b>	<b>0.7</b>	<b>-28.4</b>	<b>-18.1</b>	<b>-10.7</b>



# Statement of financial position

GROUP	Note	30-06-2021	31-12-2020	Δ SEK million	30-06-2020	Δ SEK million
<b>SEK MILLION</b>						
<b>ASSETS</b>						
Cash and balances with central banks	10	322.8	220.5	102.3	277.7	45.1
Collateralised government bonds	10, 11	328.1	443.9	-115.8	255.7	72.4
Loans to credit institutions	10	1,449.7	1,085.3	364.4	1,966.6	-517.0
Loans to the public	8, 10	10,843.8	9,979.1	864.7	9,831.4	1,012.4
Intangible fixed assets		29.4	29.1	0.3	43.0	-13.6
Tangible assets		6.8	10.3	-3.5	14.5	-7.7
Current tax asset		61.1	20.4	40.7	13.8	47.3
Other assets	10	42.5	43.8	-1.3	40.2	2.3
Prepaid expenses and accrued income		13.4	16.3	-2.9	15.5	-2.1
<b>TOTAL ASSETS</b>		<b>13,097.6</b>	<b>11,848.7</b>	<b>1,248.8</b>	<b>12,458.5</b>	<b>639.1</b>
<b>LIABILITIES AND PROVISIONS</b>						
Deposits from the public	9, 10	11,365.6	10,159.9	1,205.7	10,950.1	415.5
Derivatives	10	1.7	7.5	-5.8	9.3	-7.6
Other liabilities	10	108.8	87.5	21.3	123.3	-14.5
Deferred tax		0.1	0.1	-	-	0.1
Accrued expenses and prepaid income		35.6	24.6	11.1	30.9	4.7
Subordinated debt	10	247.0	246.6	0.4	246.4	0.6
<b>TOTAL LIABILITIES</b>		<b>11,758.8</b>	<b>10,526.2</b>	<b>1,232.6</b>	<b>11,359.8</b>	<b>399.0</b>
<b>EQUITY</b>						
Share capital		12.8	12.8	-	6.2	6.6
Other reserves		1.8	1.8	-	1.8	-
Other contributed capital		1,119.4	1,118.6	0.7	892.1	227.3
Retained earnings		185.5	187.4	-1.9	207.5	-22.1
Net profit/loss		19.3	2.0	17.4	-9.0	28.4
<b>TOTAL EQUITY</b>		<b>1,338.8</b>	<b>1,322.6</b>	<b>16.2</b>	<b>1,098.6</b>	<b>240.2</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>13,097.6</b>	<b>11,848.7</b>	<b>1,248.8</b>	<b>12,458.5</b>	<b>639.1</b>

# Statement of financial position

PARENT COMPANY	Note	30-06-2021	31-12-2020	Δ SEK million	30-06-2020	Δ SEK million
<b>SEK MILLION</b>						
<b>ASSETS</b>						
Cash and balances with central banks	10	322.8	220.5	102.3	177.7	145.1
Collateralised government bonds	10, 11	328.1	443.9	-115.8	355.6	-27.6
Loans to credit institutions	10	1,438.3	1,075.0	363.2	1,956.2	-517.9
Loans to the public	8, 10	10,842.6	9,977.8	864.8	9,826.2	1,016.4
Shares in Group companies		2.0	2.0	-	-	2.0
Intangible fixed assets		29.3	28.9	0.4	42.6	-13.3
Tangible assets		1.5	1.6	-0.1	2.3	-0.9
Current tax asset		60.7	21.4	39.3	14.1	46.6
Other assets	10	44.0	44.3	-0.4	39.9	4.1
Prepaid expenses and accrued income		11.7	14.6	-2.9	13.7	-2.0
<b>TOTAL ASSETS</b>		<b>13,081.0</b>	<b>11,830.0</b>	<b>1,250.9</b>	<b>12,428.4</b>	<b>652.6</b>
<b>LIABILITIES AND PROVISIONS</b>						
Deposits from the public	9, 10	11,365.6	10,159.9	1,205.7	10,950.1	415.5
Derivatives	10	1.7	7.5	-5.8	9.3	-7.6
Other liabilities	10	101.9	76.1	25.8	107.7	-5.8
Accrued expenses and prepaid income		35.2	24.1	11.1	28.8	6.4
Subordinated debt	10	247.0	246.6	0.4	261.4	-14.4
<b>TOTAL LIABILITIES</b>		<b>11,751.4</b>	<b>10,514.2</b>	<b>1,237.2</b>	<b>11,357.2</b>	<b>394.2</b>
<b>EQUITY</b>						
Share capital		12.8	12.8	-	12.8	-
Statutory reserve		1.8	1.8	-	1.8	-
Fund for development expenditure		27.3	25.3	2.0	37.0	-9.8
Tier 1 capital		196.0	195.3	0.7	194.6	1.3
Retained earnings		1,073.8	1,081.8	-8.0	837.3	236.5
Net profit/loss		18.0	-1.1	19.1	-12.3	30.3
<b>TOTAL EQUITY</b>		<b>1,329.6</b>	<b>1,315.9</b>	<b>13.7</b>	<b>1,071.3</b>	<b>258.3</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>13,081.0</b>	<b>11,830.0</b>	<b>1,250.9</b>	<b>12,428.4</b>	<b>652.6</b>

# Statement of changes in equity

30-06-2021 GROUP					
SEK MILLION					
	RESTRICTED EQUITY		UNRESTRICTED EQUITY		TOTAL
	SHARE CAPITAL	OTHER RESERVES	OTHER CONTRIBUTED CAPITAL	RETAINED EARNINGS AND NET PROFIT/LOSS	
<b>Opening balance at 01-01-2021</b>	<b>12.8</b>	<b>1.8</b>	<b>1,118.6</b>	<b>189.3</b>	<b>1,322.6</b>
Total profit/loss for the period	-	-	-	15.5	15.5
Reported in profit and loss account	-	-	-	19.3	19.3
Reported as other comprehensive income	-	-	-	-3.9	-3.9
Tier 1 capital, AT1	-	-	0.7	-	0.7
Transactions with shareholders					
Option program	-	-	-	-	-
New share issues	-	-	-	-	-
Transactions within the controlling influence	-	-	-	-	-
<b>Closing balance at 30-06-2021</b>	<b>12.8</b>	<b>1.8</b>	<b>1,119.4</b>	<b>204.8</b>	<b>1,338.8</b>

31-12-2020 GROUP					
SEK MILLION					
	RESTRICTED EQUITY		UNRESTRICTED EQUITY		TOTAL
	SHARE CAPITAL	OTHER RESERVES	OTHER CONTRIBUTED CAPITAL	RETAINED EARNINGS AND NET PROFIT/LOSS	
<b>Opening balance at 01-01-2020</b>	<b>6.1</b>	<b>1.8</b>	<b>846.8</b>	<b>214.4</b>	<b>1,069.1</b>
Total profit/loss for the period	-	-	-	-15.4	-15.4
Reported in profit and loss account	-	-	-	2.0	2.0
Reported as other comprehensive income	-	-	-	-17.4	-17.4
Tier 1 capital, AT1	-	-	1.3	-	1.3
Transactions with shareholders					
Option program	-	-	-	-4.0	-4.0
New share issues	1.0	-	270.5	-	271.5
Transactions within the controlling influence	5.7	-	-	-5.7	-
<b>Closing balance at 31-12-2020</b>	<b>12.8</b>	<b>1.8</b>	<b>1,118.6</b>	<b>189.3</b>	<b>1,322.6</b>

The merger effect that arose in the Group's equity of SEK 5.7 million relates to the downstream merger that took place during Q4. Previously, Avida Holding AB's share capital was reported as the Group's share capital. As a result of the merger, Avida Finans AB has become the parent company in the Group, whereupon Avida Finans AB's share capital constitutes the Group's share capital.

# Statement of changes in equity

## 30-06-2021 PARENT COMPANY

SEK MILLION

	RESTRICTED EQUITY			UNRESTRICTED EQUITY		TOTAL
	SHARE CAPITAL	FUND FOR DEVELOPMENT EXPENDITURE	STATUTORY RESERVE	OTHER CONTRIBUTED CAPITAL	RETAINED EARNINGS AND NET PROFIT/LOSS	
<b>Opening balance at 01-01-2021</b>	<b>12.8</b>	<b>25.3</b>	<b>1.8</b>	<b>195.3</b>	<b>1,080.7</b>	<b>1,315.9</b>
Total profit/loss for the period	-	-	-	-	13.0	<b>13.0</b>
Reported in profit and loss account	-	-	-	-	18.0	<b>18.0</b>
Reported as comprehensive income	-	-	-	-	-5.0	<b>-5.0</b>
Change in fund for development expenditure	-	2.0	-	-	-2.0	-
Tier 1 capital, AT1	-	-	-	0.7	-	<b>0.7</b>
Transactions with shareholders						
Shareholder contribution	-	-	-	-	-	-
Group contribution	-	-	-	-	-	-
<b>Closing balance at 30-06-2021</b>	<b>12.8</b>	<b>27.3</b>	<b>1.8</b>	<b>196.0</b>	<b>1,091.8</b>	<b>1,329.6</b>

## 31-12-2020 PARENT COMPANY

SEK MILLION

	RESTRICTED EQUITY			UNRESTRICTED EQUITY		TOTAL
	SHARE CAPITAL	FUND FOR DEVELOPMENT EXPENDITURE	STATUTORY RESERVE	OTHER CONTRIBUTED CAPITAL	RETAINED EARNINGS AND NET PROFIT/LOSS	
<b>Opening balance at 01-01-2020</b>	<b>12.8</b>	<b>24.4</b>	<b>1.8</b>	<b>194.0</b>	<b>811.4</b>	<b>1,044.4</b>
Total profit/loss for the period	-	-	-	-	-18.1	<b>-18.1</b>
Reported in profit and loss account	-	-	-	-	-1.1	<b>-1.1</b>
Reported as other comprehensive income	-	-	-	-	-17.0	<b>-17.0</b>
Change in fund for development expenditure	-	0.9	-	-	-0.9	-
Tier 1 capital, AT1	-	-	-	1.3	-	<b>1.3</b>
The merger difference in connection with the merger of Avida Holding AB	-	-	-	-	18.2	<b>18.2</b>
Transactions with shareholders						
Shareholder contribution	-	-	-	-	270.0	<b>270.0</b>
Group contribution	-	-	-	-	-	-
<b>Closing balance at 31-12-2020</b>	<b>12.8</b>	<b>25.3</b>	<b>1.8</b>	<b>195.3</b>	<b>1,080.7</b>	<b>1,315.9</b>

Number of shares amounts to 70,576,359 with a quotient value of 0.18 SEK/share

# Cash flow statement

GROUP	30-06-2021	31-12-2020
<b>SEK MILLION</b>		
Operating profit	32.6	5.0
<i>Adjustment for items not included in cash flow</i>		
Unrealised credit losses (Provisions)	166.7	394.3
Depreciation of tangible and intangible assets	12.8	27.3
Other non-cash items	-	-
Income tax paid	-68.3	-21.3
<b>Cashflow from operating activities before changes in operating assets and liabilities</b>	<b>143.8</b>	<b>405.3</b>
<b>Changes in operating assets and liabilities</b>		
Increase/decrease loans to the public	-1,031.5	-2,020.8
Increase/decrease other assets	0.8	-6.9
Increase/decrease deposits from the public	1,205.7	1,048.5
Increase/decrease of other liabilities	50.3	-34.2
<b>Cash flow from operating activities</b>	<b>369.2</b>	<b>-608.1</b>
<b>Investing activities</b>		
Acquisition/sale of tangible fixed assets	-0.6	-0.5
Acquisition/sale of intangible fixed assets	-6.7	-3.8
Acquisition/sale of collateralised government bonds	115.8	-194.8
<b>Cash flow from investing activities</b>	<b>108.5</b>	<b>-199.1</b>
<b>Financing activities</b>		
Interest on Tier 1 (AT1)	-9.5	-19.6
Change in subordinated debt	-	-0.7
New share issues	-	271.7
Change in options program	-	-4.0
<b>Cash flow from financing activities</b>	<b>-9.5</b>	<b>247.4</b>
<b>Cash flow for the period</b>	<b>468.2</b>	<b>-559.8</b>
Liquid funds at beginning of the period	1,305.8	1,861.9
Currency translation differences	-1.6	3.6
<b>Liquid funds at end of period</b>	<b>1,772.5</b>	<b>1,305.8</b>

Liquid funds are defined as the total of loans to credit institutions and cash with central banks.

# Cash flow statement

PARENT COMPANY	30-06-2021	31-12-2020
<b>SEK MILLION</b>		
Operating profit	30.4	1.1
<i>Adjustment for items not included in cash flow</i>		
Unrealised credit losses (Provisions)	166.6	394.4
Depreciation of tangible and intangible assets	9.2	20.0
Other non-cash items	-	-
Income tax paid	-68.9	-21.7
<b>Cashflow from operating activities before changes in operating assets and liabilities</b>	<b>137.4</b>	<b>394.8</b>
<b>Changes in operating assets and liabilities</b>		
Increase/decrease loans to the public	-1,031.4	-2,022.7
Increase/decrease other assets	0.7	-1.9
Increase/decrease deposits from the public	1,205.7	1,048.5
Increase/decrease of other liabilities	56.1	-27.7
<b>Cash flow from operating activities</b>	<b>368.4</b>	<b>-610.0</b>
<b>Investing activities</b>		
Acquisition/sale of tangible fixed assets	-0.6	-0.5
Acquisition/sale of intangible fixed assets	-10.6	-4.0
Acquisition/sale of collateralised government bonds	115.8	-194.8
<b>Cash flow from investing activities</b>	<b>104.7</b>	<b>-199.3</b>
<b>Financing activities</b>		
Interest on Tier 1 (AT1)	-9.5	-19.6
Change in subordinated debt	0.4	-14.3
Shareholder contribution received	-	270.0
Merger effect	-	15.5
<b>Cash flow from financing activities</b>	<b>-9.2</b>	<b>251.6</b>
<b>Cash flow for the period</b>	<b>463.9</b>	<b>-557.7</b>
Liquid funds at beginning of the period	1,295.6	1,849.4
Currency translation differences	1.6	3.9
<b>Liquid funds at end of period</b>	<b>1,761.1</b>	<b>1,295.6</b>

Liquid funds are defined as the total of loans to credit institutions and cash with central banks.

# Notes

## 1 GENERAL INFORMATION

Avida Finans AB (publ) with Corp. ID no. 556230-9004, is the parent company of Avida Group following the downstream merger of the former financial holding company Avida Holding AB, Corp. ID no. 556780-0593. It is in Avida Finans AB (publ) that the main business takes place. Avida Finans AB (publ) has had a permit from Swedish Financial Supervisory Authority as a credit market company since 2000. The business consists of financing services to companies and lending to consumers, debt collection management and deposits from the public. Avida Inkasso AS (913 778 367) has been a wholly owned subsidiary of Avida Finans AB (publ) since the merger.

The Consumer Finance business area comprises lending to and deposits from private clients. The company offers overdrafts and unsecured loans as well as deposits at one of the market's better interest rates.

The Business Finance area offers financial services such as factoring in the form of an off-balance solution or traditional factoring and various types of corporate loans. The focus is on offering financing solutions to optimise our customers cash flow or support customer growth.

Avida conducts operations in Sweden and via branches in Norway and Finland: Avida Finans AB NUF 990 728 488 and Avida Finans AB, Finnish Branch 2541768-9. Furthermore, Avida conducts debt collection operations in Norway through the wholly owned subsidiary Avida Inkasso AS 913 778 367.

## 2 ACCOUNTING POLICIES VALUATION PRINCIPLES

This quarterly report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Annual Accounts for Credit Institutions and Securities Companies Act (ÅRKL) and Finansinspektionen's regulations and general guidelines regarding Annual Accounts at credit institutions and securities (FFFS 2008:25).

FFFS 2008:25, statutory IFRS, means that International Financial Reporting Standards (IFRS), as approved by the EU, are applicable for the preparation of the financial reports, with the restrictions and additions that follow from RFR 2 Accounting for legal entities and FFFS 2008:25.

The accounting principles as well as calculations and reporting are essentially equal to the annual report for 2020.

All amounts are stated in millions of Swedish kronor.

This report has not been subject to audit.

## SIGNIFICANT ESTIMATES AND JUDGEMENTS IN THE FINANCIAL STATEMENTS

The preparation of the financial statements in accordance with statutory IFRS requires the Company's management to make assessments and estimates as well as make assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and a number of other factors that seem reasonable under the prevailing conditions. The result of these estimates and assumptions is used to assess the reported values of assets and liabilities that are not otherwise clear from other sources.

Actual outcomes may deviate from these estimates and judgements. Estimates and assumptions are reviewed regularly. Changes in estimates are reported in the period in which the change is made if the change only affects this period, or in the period in which the change is made and future periods if the change affects both the current period and future periods.

Assessments made by management in the application of statutory IFRS that have a significant impact on the financial statements and estimates made that may lead to significant adjustments in the following year's financial statements are as follows:

When examining the need for impairment of loan receivables, the most critical assessment, which also contains the greatest uncertainty, is to estimate the most probable long-term loss, (*Loss Given Default, LGD*).

## 3 RISKS

In the business, different types of risks arise, such as credit risk, market risk and liquidity risk. In order to limit and control risk-taking in the business, the company's board, which is ultimately responsible for the company's internal control, has established policies and instructions for lending and other financial activities.

Risk management aims to identify and analyse the risks that exist in the business and to set appropriate limits for these and ensure that there are controls in place. The risks are monitored and checks are made on an ongoing basis so that limits are not exceeded. Risk policies, risk appetite and risk management systems are reviewed regularly to check that these are relevant and, for example, reflect current market conditions as well as the products and services offered.

Within the company, there is a function for risk control that is led by the Chief Risk Officer, who is directly subordinate to the CEO, whose task is to compile, analyse and report all the company's risks. The risk control function monitors and controls the company's risk management performed in the business. During the quarter, no significant changes took place in the company's identified risks or in its risk management.

## FINANCIAL RISKS

Below is a general description of our financial risks, which is also the basis and forms a fundamental part of Avida's capital planning. More about capital planning can be read in the capital adequacy note.

**Market risk/Exchange rate risk** Exchange rate risk is the risk of losses related to changes in exchange rates at which the company has exposures. The company is exposed to transaction risks which means that the value of inflows and outflows in currencies other than SEK is negatively affected by movements in exchange rates. To minimise this risk, the company uses forward contracts. The company is also exposed to currency translation risk, which arises because Avida Finans AB (publ) has branches in Norway and Finland.

**Credit risk** Credit/counterparty risk refers to the risk that the company will not receive payments in accordance with the agreement and/or will make a loss due to the counterparty's inability to meet its obligations.

**Market risk/Interest risk** Interest risk arises if there is a difference in fixed interest rates between assets and liabilities in the company's balance sheet. The absolute majority of lending today takes place at variable interest rates, which limits exposure to interest rate risk.

**Liquidity risk** Liquidity risk is the risk that the company will not be able to meet current payments and other commitments in the short term. The company has cash and cash equivalents that guarantee liquidity and has the opportunity to immediately limit the acquisitions of new receivables, which directly reduces this risk.

## LIQUIDITY PLANNING

Just as the company has a process for managing the size of capital, the company also has a process for ensuring liquidity in the business. Liquidity planning is closely associated with liquidity risk and is always based on careful analysis of the same.

Liquidity risk is the risk that the company will have difficulties fulfilling payment obligations in the short term. Liquidity risk can also be expressed as the risk of loss or impaired earning capacity as a result of the Company's payment commitments not being able to be fulfilled on time.

In order to ensure the company's short-term ability to pay in the event of loss or impaired access to normally available sources of financing, the company maintains a separate reserve of high-quality assets. The company's liquidity reserve is defined in accordance with Finansinspektionen's regulations FFFS 2010:7, which means that it

## MARKET AND INTEREST RATE RISK FOR LOANS AND DEPOSITS

Risks in deposits from the public	Financial measure	Change	Q2 2021	Q2 2020
Change in deposit interest rate	Profit/loss before tax	+/-1 percentage points	+/- 28.4	+/- 26.9
	Change in equity	+/-1 percentage points	+/- 22.4	+/- 21.1

Risks in loans to the public	Financial measure	Change	Q2 2021	Q2 2020
Change in lending interest rate	Profit/loss before tax	+/-1 percentage points	+/- 26.5	+/- 24.3
	Change in equity	+/-1 percentage points	+/- 20.8	+/- 19.1

Risks in loans to credit institutions	Financial measure	Change	Q2 2021	Q2 2020
Change in lending interest rate	Profit/loss before tax	+/-1 percentage points	+/- 4.3	+/- 4.5
	Change in equity	+/-1 percentage points	+/- 3.4	+/- 3.5

## EXCHANGE RATE RISK

Risks for result from foreign branches and companies	Financial measure	Change	Q2 2021	Q2 2020
Change in exchange rate SEK-NOK	Profit/loss before tax	+/-10 percentage points	+/- 1.4	+/- -0.3
	Change in equity	+/-10 percentage points	+/- 1.1	+/- -0.2
Change in exchange rate SEK-EUR	Profit/loss before tax	+/-10 percentage points	+/- 2.3	+/- -3.0
	Change in equity	+/-10 percentage points	+/- 1.8	+/- -2.3

## CREDIT RISK

Risk of change in recovery of overdue credits	Financial measure	Change	Q2 2021	Q2 2020
Changes in LGD	Profit/loss before tax	+/-5 percentage points	+/- 91.6	+/- 90.5
	Change in equity	+/-5 percentage points	+/- 72.0	+/- 71.1



only consists of available funds that are not used as collateral and that can be pledged with the Swedish, Norwegian or Finnish central bank. In addition to the liquidity reserve, the liquidity buffer currently also includes funds in cash/bank, provided that such balances are available on the following banking day. The minimum size of the liquidity reserve is regulated by board-decided limits.

It is also possible to adjust the deposit rate to attract additional deposits from the public in order to strengthen liquidity if necessary. The CEO is responsible for liquidity management. All new and changed limits must be approved by the board. In this respect, the company's risk management focuses on monitoring and controlling that the liquidity buffer is within the limits decided by the Board and to analyse whether there is any need for a limit adjustment based on changes in the business and its business sector.

The risk control function evaluates the risk management of liquidity risks and is responsible for independent analysis of the models that

the company uses to plan its need for liquidity risks correspond to the company's risk appetite. The internal auditor is responsible for the audit of risk management and of the independent risk control function.

### CAPITAL PLANNING

Avida's strategies and methods for valuing and maintaining capital base requirements follow from the company's process for Internal Capital and Liquidity Adequacy Assessment Process (ICLAAP). This process aims to assess whether the internal capital is sufficient to form the basis for current and future operations and to ensure that the capital base has the right size and composition. The process is a tool that ensures that Avida and its consolidated context, clearly and correctly identify, evaluate and manage all the risks that Avida is exposed to and make an assessment of its internal capital requirements in relation to this. This includes that Avida must have appropriate control and monitoring functions and risk management systems.

GROUP	30-06-2021	31-12-2020	30-06-2020
SEK MILLION			
<b>Liquidity reserve</b>			
Cash and balances with central banks	322.8	220.5	277.7
Collateralised government bonds etc.	328.1	443.9	255.7
Loans to credit institutions (available the next day)	1,449.7	1,085.3	1,966.6
<b>Total liquidity reserve</b>	<b>2,100.6</b>	<b>1,749.7</b>	<b>2,500.0</b>

PARENT COMPANY	30-06-2021	31-12-2020	30-06-2020
SEK MILLION			
<b>Liquidity reserve</b>			
Cash and balances with central banks	322.8	220.5	177.7
Collateralised government bonds etc.	328.1	443.9	355.6
Loans to credit institutions (available the next day)	1,438.3	1,075.0	1,956.2
<b>Total liquidity reserve</b>	<b>2,089.2</b>	<b>1,739.4</b>	<b>2,489.5</b>

## 4 OPERATING SEGMENTS

Management has determined the operating segments based on the information used as a basis for allocating resources and evaluating results. The company management assesses the business from an aggregate level distributed from a customer perspective; Consumer Finance and Business Finance. The profit measure that is followed up at segment level is the operating profit.

Profit items that are not directly attributable to segments are allocated with allocation formulas that the company management believes provide a fair distribution to the segments. During the quarter, an overview of allocation keys and an assessment of current assumptions has been carried out. The resulting change affected general administrative expenses only.

SEGMENT REPORTING GROUP Q2 2021	CONSUMER FINANCE	BUSINESS FINANCE	TOTAL
<b>SEK million</b>			
Interest income	176.0	48.0	224.0
Interest expenses	-23.7	-6.5	-30.2
Commission income	4.0	0.0	4.0
Commission expense	0.0	0.0	0.0
Net profit/loss of financial transactions	1.4	0.4	1.8
Other income	0.1	0.0	0.1
<b>Total operating income</b>	<b>157.8</b>	<b>41.9</b>	<b>199.7</b>
General administrative expenses	-38.6	-34.3	-72.9
Depreciation and impairments of tangible and intangible fixed assets	-5.3	-1.5	-6.8
<b>Total cost before credit losses</b>	<b>-44.0</b>	<b>-35.8</b>	<b>-79.7</b>
<b>Profit/loss before credit losses</b>	<b>113.8</b>	<b>6.2</b>	<b>120.0</b>
Credit losses, net	-94.7	0.1	-94.6
<b>Profit/loss before tax</b>	<b>19.1</b>	<b>6.3</b>	<b>25.4</b>
Tax	-4.3	-1.8	-6.1
<b>Net profit</b>	<b>14.8</b>	<b>4.5</b>	<b>19.3</b>

Loans to the public	8,045.8	2,798.0	10,843.8
Net interest margin	5.2%	5.8%	6.9%
Credit losses (%)	3.2%	-	3.2%
Return on common equity Tier 1	7.0%	6.3%	6.8%

SEGMENT REPORTING GROUP Q2 2020	CONSUMER FINANCE	BUSINESS FINANCE	TOTAL
<b>SEK million</b>			
Interest income	171.7	57.6	229.3
Interest expenses	-39.4	-13.2	-52.6
Commission income	2.4	-	2.4
Commission expense	-	-	-
Net profit/loss of financial transactions	-0.5	-0.2	-0.7
Other income	0.2	0.1	0.3
<b>Total operating income</b>	<b>134.4</b>	<b>44.3</b>	<b>178.7</b>
General administrative expenses	-30.6	-31.6	-62.2
Depreciation and impairments of tangible and intangible fixed assets	-3.4	-1.1	-4.5
<b>Total cost before credit losses</b>	<b>-34.0</b>	<b>-32.7</b>	<b>-66.7</b>
<b>Profit/loss before credit losses</b>	<b>100.5</b>	<b>11.6</b>	<b>112.0</b>
Credit losses, net	-110.6	-7.5	-118.0
<b>Profit/loss before tax</b>	<b>-10.1</b>	<b>4.1</b>	<b>-6.0</b>
Tax	1.0	-1.9	-0.9
<b>Net profit</b>	<b>-9.1</b>	<b>2.3</b>	<b>-6.8</b>

Loans to the public	6,975.0	2,856.4	9,831.4
Net interest margin	7.7%	6.0%	7.2%
Credit losses (%)	6.4%	1.0%	4.8%
Return on common equity Tier 1	-5.9%	3.4%	-2.5%

GROUP	Sweden	Norway	Finland	Total
SEK million				
<b>Q2 2021</b>				
Total operating income	115.7	25.3	58.7	199.7
Loans to the public	5,897.6	1,446.5	3,499.8	10,843.8
<b>Q2 2020</b>				
Total operating income	100.8	26.8	51.2	178.7
Loans to the public	5,466.4	1,275.8	3,089.2	9,831.4

## 5 NET INTEREST INCOME

GROUP	Q2 2021	Q1 2021	Q4 2020	Jan-Dec 2020	Q2 2020
SEK MILLION					
<b>Interest income</b>					
Loans to the public	186.1	178.5	196.5	768.2	192.5
Factoring	34.5	28.0	34.5	135.2	35.1
Other	3.4	2.4	6.4	16.3	1.7
<b>Total interest income</b>	<b>224.0</b>	<b>209.0</b>	<b>237.4</b>	<b>919.7</b>	<b>229.3</b>
<b>Interest expenses</b>					
Deposits and borrowing from the public	30.1	33.0	45.6	194.2	52.4
Other	0.1	-	0.3	1.5	0.2
<b>Total interest costs</b>	<b>30.2</b>	<b>33.0</b>	<b>45.9</b>	<b>195.7</b>	<b>52.6</b>
<b>Net interest income</b>	<b>193.8</b>	<b>175.9</b>	<b>191.5</b>	<b>724.1</b>	<b>176.7</b>
<b>PARENT COMPANY</b>					
SEK MILLION					
<b>Interest income</b>					
Loans to the public	183.0	175.6	193.2	755.2	186.5
Factoring	34.5	28.0	34.5	135.2	35.1
Other	3.4	2.5	6.4	16.3	3.7
<b>Total interest income</b>	<b>220.9</b>	<b>206.0</b>	<b>234.1</b>	<b>906.7</b>	<b>225.3</b>
<b>Interest expenses</b>					
Deposits and borrowing from the public	30.1	32.9	45.0	194.1	53.5
Other	-	-	0.3	1.5	-0.8
<b>Total interest costs</b>	<b>30.2</b>	<b>32.9</b>	<b>45.3</b>	<b>195.6</b>	<b>52.7</b>
<b>Net interest income</b>	<b>190.7</b>	<b>173.0</b>	<b>188.8</b>	<b>711.2</b>	<b>172.8</b>

## 6 NET COMMISSION INCOME

GROUP & PARENT COMPANY	Q2 2021	Q1 2021	Q4 2020	Jan-Dec 2020	Q2 2020
SEK MILLION					
<b>Commission income</b>					
Commission income from brokered insurance	4.0	3.7	2.8	11.5	2.4
<b>Total commission income</b>	<b>4.0</b>	<b>3.7</b>	<b>2.8</b>	<b>11.5</b>	<b>2.4</b>
<b>Commission expense</b>					
Administration costs	-	-	-	-	-
<b>Total commission expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net commission income</b>	<b>4.0</b>	<b>3.7</b>	<b>2.8</b>	<b>11.5</b>	<b>2.4</b>

## 7 CREDIT LOSSES, NET

GROUP	Q2 2021	Q1 2021	Q4 2020	Jan-Dec 2020	Q2 2020
SEK million					
<b>Loans to the public</b>					
Provisions - Stage 1	-0.1	1.9	-34.7	-50.8	5.4
Provisions - Stage 2	0.8	-1.7	-10.5	-12.0	0.3
Provisions - Stage 3	-88.7	-79.4	-80.7	-332.1	-117.1
<b>Total provisions</b>	<b>-88.0</b>	<b>-79.2</b>	<b>-125.9</b>	<b>-394.9</b>	<b>-111.4</b>
Write-offs	-7.0	-19.0	-6.8	-42.6	-6.8
Recovered financial assets	0.1	0.3	0.2	1.1	0.2
<b>Total</b>	<b>-6.9</b>	<b>-18.8</b>	<b>-6.6</b>	<b>-41.5</b>	<b>-6.6</b>
<b>Total credit losses from loans to the public</b>	<b>-94.9</b>	<b>-98.0</b>	<b>-132.5</b>	<b>-436.4</b>	<b>-118.0</b>
<b>Loans to credit institutions</b>					
Provisions - Stage 1	-0.3	-0.2	-0.2	-0.2	-
Provisions - Stage 2	-	-	-	-	-
Provisions - Stage 3	-	-	-	-	-
<b>Total provisions</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-</b>
Write-offs	-	-	-	-	-
Recovered financial assets	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total credit losses from loans to credit institutions</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-</b>
<b>Total credit losses, net</b>	<b>-94.6</b>	<b>-97.8</b>	<b>-132.7</b>	<b>-436.6</b>	<b>-118.0</b>

Provisions are calculated using quantitative models, which are based on input data, assumptions and methods that largely consist of assessments from the Company's management. The following parts have an impact on the level of provision:

- Determination of a significant increase in credit risk. The general definition consists of a backstop corresponding to the fact that a credit is due more than 30 days. For consumer lending, the definition of bankruptcy is at least 90 days past due. Of the customers who matures, the majority receive a significantly increased credit risk at least six months before bankruptcy.
- Macroeconomic aspects. Avida takes into account macro-economic aspects regarding policy rates and unemployment

in the market in which the Company has its main operations. For these, an expected, deteriorated and improved outlook is designed, which at each reporting occasion is weighted at 80% for the expected outlook and at 10% each for the deteriorated and improved outlook.

- Valuation of loss in bankruptcy, loss given default (LGD).

## 8 LOANS TO THE PUBLIC

GROUP	30-06-2021	31-12-2020
<b>SEK MILLION</b>		
<b>Loans to the public, gross</b>	<b>11,665.4</b>	<b>10,629.9</b>
of which Stage 1	9,589.0	8,962.3
of which Stage 2	479.3	517.9
of which Stage 3	1,597.1	1,149.7
<b>Total provisions</b>	<b>-821.6</b>	<b>-650.8</b>
of which Stage 1	-109.7	-111.7
of which Stage 2	-64.1	-62.9
of which Stage 3	-647.8	-476.2
<b>Loans to the public, net</b>	<b>10,843.8</b>	<b>9,979.1</b>

GROUP	Stage 1	Stage 2	Stage 3	Total
<b>SEK MILLION</b>				
<b>Loans to the public, gross 1 January 2021</b>	<b>8,962.3</b>	<b>517.9</b>	<b>1,149.7</b>	<b>10,629.9</b>
New, acquired and removed financial assets, net	978.9	13.7	-16.3	976.3
Movement to stage 1	99.8	-94.6	-5.2	-
Movement to stage 2	-257.3	264.3	-7.0	-
Movement to stage 3	-236.5	-224.3	460.9	0.1
Reassessment due to change in credit risk	-	-	-	-
Write-offs	-	-	-	-
Recovered financial assets	-	-	-	-
Exchange rate adjustments	41.8	2.3	15.0	59.1
Other	-	-	-	-
<b>Loans to the public, gross 30 June 2021</b>	<b>9,589.0</b>	<b>479.3</b>	<b>1,597.1</b>	<b>11,665.4</b>

GROUP	Stage 1	Stage 2	Stage 3	Total
<b>SEK MILLION</b>				
<b>Provisions 1 January 2021</b>	<b>111.7</b>	<b>62.9</b>	<b>476.2</b>	<b>650.8</b>
New, acquired and removed financial assets, net	13.2	8.1	10.8	32.1
Movement to stage 1	3.5	-10.2	-1.9	-8.6
Movement to stage 2	-7.7	41.1	-2.6	30.8
Movement to stage 3	-8.9	-37.9	156.7	109.9
Reassessment due to change in credit risk	-2.6	-0.1	3.4	0.7
Write-offs	-	-	-	-
Recovered financial assets	-	-	-	-
Exchange rate adjustments	0.5	0.2	5.2	5.9
Other	-	-	-	-
<b>Provisions 30 June 2021</b>	<b>109.7</b>	<b>64.1</b>	<b>647.8</b>	<b>821.6</b>

GROUP	Stage 1	Stage 2	Stage 3	TOTAL
<b>SEK MILLION</b>				
<b>Loans to the public, gross 1 January 2020</b>	<b>7,451.3</b>	<b>655.5</b>	<b>519.2</b>	<b>8,626.0</b>
New, acquired and removed financial assets, net	2,141.6	31.0	142.1	2,314.7
Movement to stage 1	192.3	-165.6	-26.8	-
Movement to stage 2	-250.6	259.0	-8.5	-
Movement to stage 3	-425.6	-246.6	672.2	-
Reassessment due to change in credit risk	-	-	-	-
Write-offs	-	-	-115.4	-115.4
Recovered financial assets	-	-	-	-
Exchange rate adjustments	-146.7	-15.4	-33.1	-195.2
Other	-	-	-	-
<b>Loans to the public, gross 31 December 2020</b>	<b>8,962.3</b>	<b>517.9</b>	<b>1,149.7</b>	<b>10,629.9</b>

GROUP	Stage 1	Stage 2	Stage 3	TOTAL
<b>SEK MILLION</b>				
<b>Provisions 1 January 2020</b>	<b>63.2</b>	<b>52.8</b>	<b>157.4</b>	<b>273.4</b>
New, acquired and removed financial assets, net	49.7	19.5	106.4	175.6
Movement to stage 1	3.9	-13.7	-4.7	-14.5
Movement to stage 2	-4.0	34.4	-1.6	28.8
Movement to stage 3	-7.6	-27.8	202.3	166.9
Reassessment due to change in credit risk	8.4	-1.0	48.4	55.8
Write-offs	-	-	-19.9	-19.9
Recovered financial assets	-	-	-	-
Exchange rate adjustments	-1.9	-1.3	-12.1	-15.3
Other	-	-	-	-
<b>Provisions 31 December 2020</b>	<b>111.7</b>	<b>62.9</b>	<b>476.2</b>	<b>650.8</b>

## 8 LOANS TO THE PUBLIC, CONT.

PARENT COMPANY	30-06-2021	31-12-2020
<b>SEK MILLION</b>		
<b>Loans to the public, gross</b>	<b>11,664.2</b>	<b>10,628.6</b>
of which Stage 1	9,587.8	8,961.0
of which Stage 2	479.3	517.9
of which Stage 3	1,597.1	1,149.7
<b>Total provisions</b>	<b>-821.6</b>	<b>-650.8</b>
of which Stage 1	-109.7	-111.7
of which Stage 2	-64.1	-62.9
of which Stage 3	-647.8	-476.2
<b>Loans to the public, net</b>	<b>10,842.6</b>	<b>9,977.8</b>

PARENT COMPANY	Stage 1	Stage 2	Stage 3	Total
<b>SEK MILLION</b>				
<b>Loans to the public, gross 1 January 2021</b>	<b>8,960.8</b>	<b>518.0</b>	<b>1,149.8</b>	<b>10,628.6</b>
New, acquired and removed financial assets, net	979.0	13.7	-16.3	976.4
Movement to stage 1	99.8	-94.6	-5.2	-
Movement to stage 2	-257.3	264.3	-7.0	-
Movement to stage 3	-236.5	-224.3	460.9	0.1
Reassessment due to change in credit risk	-	-	-	-
Write-offs	-	-	-	-
Recovered financial assets	-	-	-	-
Exchange rate adjustments	41.8	2.3	15.0	59.1
Other	-	-	-	-
<b>Loans to the public, gross 30 June 2021</b>	<b>9,587.8</b>	<b>479.3</b>	<b>1,597.1</b>	<b>11,664.2</b>

PARENT COMPANY	Stage 1	Stage 2	Stage 3	Total
<b>SEK MILLION</b>				
<b>Provisions 1 January 2021</b>	<b>111.7</b>	<b>62.9</b>	<b>476.2</b>	<b>650.8</b>
New, acquired and removed financial assets, net	13.2	8.1	10.8	32.1
Movement to stage 1	3.5	-10.2	-1.9	-8.6
Movement to stage 2	-7.7	41.1	-2.6	30.8
Movement to stage 3	-8.9	-37.9	156.7	109.9
Reassessment due to change in credit risk	-2.6	-0.1	3.4	0.7
Write-offs	-	-	-	-
Recovered financial assets	-	-	-	-
Exchange rate adjustments	0.5	0.2	5.2	5.9
Other	-	-	-	-
<b>Provisions 30 June 2021</b>	<b>109.7</b>	<b>64.1</b>	<b>647.8</b>	<b>821.6</b>

PARENT COMPANY	Stage 1	Stage 2	Stage 3	TOTAL
<b>SEK MILLION</b>				
<b>Loans to the public, gross 1 January 2020</b>	<b>7,447.8</b>	<b>655.5</b>	<b>519.2</b>	<b>8,622.5</b>
New, acquired and removed financial assets, net	2,143.8	31.0	142.1	2,316.9
Movement to stage 1	192.3	-165.6	-26.8	-
Movement to stage 2	-250.6	259.0	-8.5	-
Movement to stage 3	-425.6	-246.6	672.2	-
Reassessment due to change in credit risk	-	-	-	-
Write-offs	-	-	-115.4	-115.4
Recovered financial assets	-	-	-	-
Exchange rate adjustments	-146.7	-15.4	-33.1	-195.2
Other	-	-	-	-
<b>Loans to the public, gross 31 December 2020</b>	<b>8,961.0</b>	<b>517.9</b>	<b>1,149.7</b>	<b>10,628.6</b>

PARENT COMPANY	Stage 1	Stage 2	Stage 3	TOTAL
<b>SEK MILLION</b>				
<b>Provisions 1 January 2020</b>	<b>63.2</b>	<b>52.8</b>	<b>157.4</b>	<b>273.4</b>
New, acquired and removed financial assets, net	49.7	19.5	106.4	175.6
Movement to stage 1	3.9	-13.7	-4.7	-14.5
Movement to stage 2	-4.0	34.4	-1.6	28.8
Movement to stage 3	-7.6	-27.8	202.3	166.9
Reassessment due to change in credit risk	8.4	-1.0	48.4	55.8
Write-offs	-	-	-19.9	-19.9
Recovered financial assets	-	-	-	-
Exchange rate adjustments	-1.9	-1.3	-12.1	-15.3
Other	-	-	-	-
<b>Provisions 31 December 2020</b>	<b>111.7</b>	<b>62.9</b>	<b>476.2</b>	<b>650.8</b>

## 9 DEPOSITS FROM THE PUBLIC

GROUP & PARENT COMPANY	30-06-2021	31-12-2020
SEK million		
<b>Deposits from the public</b>		
SEK	4,086.1	4,552.7
Foreign currency	7,279.5	5,607.2
<b>Total</b>	<b>11,365.6</b>	<b>10,159.9</b>

## 10 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

30-06-2021 GROUP	Financial assets & liabilities valued at fair value through the profit and loss account	Financial assets valued at fair value through other comprehensive income	Financial assets & liabilities valued at amortised cost	TOTAL REPORTED VALUE	TOTAL FAIR VALUE
SEK million					
<b>Financial assets</b>					
Cash and balances with central banks	-	-	322.8	322.8	322.8
Collateralised government bonds	102.0	-	328.1	430.0	430.0
Loans to credit institutions	-	-	1,449.7	1,449.7	1,449.7
Loans to the public	-	-	10,843.8	10,843.8	10,843.8
Other assets	-	-	117.0	117.0	117.0
<b>Total assets</b>	<b>102.0</b>	<b>-</b>	<b>13,061.4</b>	<b>13,163.3</b>	<b>13,163.3</b>
<b>Financial liabilities</b>					
Deposits from the public	-	-	11,365.6	11,365.6	11,365.6
Subordinated debt	-	-	247.0	247.0	247.0
Derivatives	1.7	-	-	1.7	1.7
Other liabilities	-	-	108.8	108.8	108.8
<b>Total liabilities</b>	<b>1.7</b>	<b>-</b>	<b>11,721.4</b>	<b>11,723.1</b>	<b>11,723.1</b>

31-12-2020 GROUP	Financial assets & liabilities valued at fair value through the profit and loss account	Financial assets valued at fair value through other comprehensive income	Financial assets & liabilities valued at amortised cost	TOTAL REPORTED VALUE	TOTAL FAIR VALUE
SEK million					
<b>Financial assets</b>					
Cash and balances with central banks	-	-	220.5	220.5	220.5
Collateralised government bonds	97.6	-	346.3	443.9	443.9
Loans to credit institutions	-	-	1,085.3	1,085.3	1,085.3
Loans to the public	-	-	9,979.1	9,979.1	9,979.1
Other assets	-	-	80.5	80.5	80.5
<b>Total assets</b>	<b>97.6</b>	<b>-</b>	<b>11,711.7</b>	<b>11,809.3</b>	<b>11,809.3</b>
<b>Financial liabilities</b>					
Deposits from the public	-	-	10,159.9	10,159.9	10,159.9
Subordinated debt	-	-	246.6	246.6	246.6
Derivatives	7.5	-	-	7.5	7.5
Other liabilities	-	-	119.6	119.6	119.6
<b>Total liabilities</b>	<b>7.5</b>	<b>-</b>	<b>10,526.1</b>	<b>10,533.6</b>	<b>10,533.6</b>



## 10 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES, CONT.

<b>30-06-2021 PARENT COMPANY</b>	Financial assets & liabilities valued at fair value through the profit and loss account	Financial assets valued at fair value through other comprehensive income	Financial assets & liabilities valued at amortised cost	TOTAL REPORTED VALUE	TOTAL FAIR VALUE
SEK million					
<b>Financial assets</b>					
Cash and balances with central banks	-	-	322.8	322.8	322.8
Collateralised government bonds	102.0	-	328.1	430.0	430.0
Loans to credit institutions	-	-	1,438.3	1,438.3	1,438.3
Loans to the public	-	-	10,842.6	10,842.6	10,842.6
Other assets	-	-	116.4	116.4	116.4
<b>Total assets</b>	<b>102.0</b>	<b>-</b>	<b>13,048.2</b>	<b>13,150.1</b>	<b>13,150.1</b>
<b>Financial liabilities</b>					
Deposits from the public	-	-	11,365.6	11,365.6	11,365.6
Subordinated debt	-	-	247.0	247.0	247.0
Derivatives	1.7	-	-	1.7	1.7
Other liabilities	-	-	101.9	101.9	101.9
<b>Total liabilities</b>	<b>1.7</b>	<b>-</b>	<b>11,714.5</b>	<b>11,716.2</b>	<b>11,716.2</b>

<b>31-12-2020 PARENT COMPANY</b>	Financial assets & liabilities valued at fair value through the profit and loss account	Financial assets valued at fair value through other comprehensive income	Financial assets & liabilities valued at amortised cost	TOTAL REPORTED VALUE	TOTAL FAIR VALUE
SEK million					
<b>Financial assets</b>					
Cash and balances with central banks	-	-	220.5	220.5	220.5
Collateralised government bonds	97.6	-	346.3	443.9	443.9
Loans to credit institutions	-	-	1,075.0	1,075.0	1,075.0
Loans to the public	-	-	9,977.8	9,977.8	9,977.8
Other assets	-	-	67.3	67.3	67.3
<b>Total assets</b>	<b>97.6</b>	<b>-</b>	<b>11,686.9</b>	<b>11,784.5</b>	<b>11,784.5</b>
<b>Financial liabilities</b>					
Deposits from the public	-	-	10,159.9	10,159.9	10,159.9
Subordinated debt	-	-	246.6	246.6	246.6
Derivatives	7.5	-	-	7.5	7.5
Other liabilities	-	-	100.2	100.2	100.2
<b>Total liabilities</b>	<b>7.5</b>	<b>-</b>	<b>10,506.7</b>	<b>10,514.2</b>	<b>10,514.2</b>

## 11 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

For financial instruments that are valued at fair value in the balance sheet, information on valuation at fair value per level in the following fair value hierarchy is required:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Observable data for the asset or liability other than quoted prices included in level 1, either directly (i.e. as price quotations) or indirectly (i.e. derived from price quotations) (level 2)
- Data for the asset or liability that is not based on observable market data (level 3)

The company holds derivative instruments and a fund containing high-quality assets valued at fair value. Purchases in funds took place during the period of SEK 0 million (14.4).

The valuation of the fund is obtained from quoted prices in active markets for identical assets or liabilities, hence level 1.

The valuation of derivatives is based on observable data for the asset or liability, hence level 2.

No transfer was made between the different levels during the period.

For financial instruments that are listed on an active market, fair value is determined on the basis of the asset's quoted purchase price on the balance sheet date, without the addition of transaction costs at the time of acquisition. A financial instrument is considered to be listed on an active market if quoted prices are readily available on a stock exchange, a trader, broker, bank, etc. and these prices represent actual and regularly occurring market transactions on commercial terms.

Fair values for derivative instruments in the form of foreign exchange forwards are based on input data from an external commercial bank. The fair value of the fund is based on input data on prices in the underlying assets from an external commercial bank. For valuation of financial assets and liabilities in foreign currency, exchange rates are obtained from an external commercial bank.

30-06-2021 GROUP & PARENT COMPANY	Level 1	Level 2	Level 3	Total
SEK MILLION				
<b>Assets</b>				
Collateralised government bonds	102.0	-	-	102.0
<b>Total assets</b>	<b>102.0</b>	<b>-</b>	<b>-</b>	<b>102.0</b>
<b>Liabilities</b>				
Derivatives	-	1.7	-	1.7
<b>Total liabilities</b>	<b>-</b>	<b>1.7</b>	<b>-</b>	<b>1.7</b>

31-12-2020 GROUP & PARENT COMPANY	Level 1	Level 2	Level 3	Total
SEK MILLION				
<b>Assets</b>				
Collateralised government bonds	97.6	-	-	97.6
<b>Total assets</b>	<b>97.6</b>	<b>-</b>	<b>-</b>	<b>97.6</b>
<b>Liabilities</b>				
Derivatives	-	7.5	-	7.5
<b>Total liabilities</b>	<b>-</b>	<b>7.5</b>	<b>-</b>	<b>7.5</b>

## 12 CAPITAL ADEQUACY

Information about Avida's capital coverage in this document relates to such information as is provided under Chapter 6 Sections 3-4 of the Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2008:25) regarding annual accounts at credit institutions and securities companies and relating to information set out in Articles 92.3 d. and f., 436, 437 b. and 438 of Regulation (EU) No 575/2013 and Chapter 8 Section 8 of the Swedish Financial Supervisory Authority's regulations (FFFS 2014:12) on prudential requirements and capital buffers and column a. of Appendix 6 of the commission's implementing regulation (EU) no 1423/2013. Other information required in accordance with FFFS 2014:12 and Regulation (EU) No. 575/2013 is provided on Avida's website [www.avidase.se](http://www.avidase.se).

Avida's strategy for capital management is to hold capital that by a sufficient margin exceeds the minimum level, including total buffer requirements.

Avida uses the standardised method for credit risks and for operational risks the basic method is used.

### INFORMATION ON OWN FUNDS AND CAPITAL REQUIREMENT

For the determination of Avida's statutory capital requirements, the Credit Institutions and Securities Companies (Special Supervision) Act (2014:968), Regulation (EU) No. 575/2013, the Capital Buffer Act (2014:966) and Swedish Financial Supervisory Authority regulations (FFFS 2014:12) on prudential requirements and capital buffers.

The purpose of the rules is to ensure that Avida manages its risks and protects clients. The rules state that the capital base must cover the capital requirement, including the minimum capital requirement according to Pillar 1 for credit risk, market risk and operational risks, additional capital base requirements as well as the overall buffer requirements.

### CONSOLIDATED SITUATION

The consolidated situation consists of Avida Finans AB (publ) and the wholly owned subsidiary Avida Inkasso AS (913778367). The responsible institution is Avida Finans AB (publ).

### INTERNALLY ASSESSED CAPITAL REQUIREMENT

The internal capital and liquidity assessment is carried out at least annually. On a quarterly basis, Avida's capital and liquidity for the consolidated context is published.

### INTERNALLY ASSESSED CAPITAL REQUIREMENTS

As of 30 June 2021, the internally assessed capital requirement amounted to SEK 150.4 million (100.1) in Avida Finans AB. The internally assessed capital requirement in the Consolidated situation amount to SEK 150.6 million (100.1). The internal capital requirement in Pillar 2 is assessed by the Group to consist of the following types of risk:

Credit concentration risk, Interest rate risk in the bank book and Business risk including credit spread risk.

AVIDA FINANS AB						
SEK MILLION						
Capital adequacy	Q2 2021		31-12-2020		Q2 2020	
Risk exposure amount	10,111.4		9,380.5		9,008.7	
Total own funds requirements	1,225.9	12.12%	1,162.9	12.40%	1,059.8	11.76%
<b>Total own funds</b>	<b>1,633.5</b>	<b>16.16%</b>	<b>1,662.2</b>	<b>17.72%</b>	<b>1,349.5</b>	<b>14.98%</b>
Own funds requirements	Q2 2021		31-12-2020		Q2 2020	
Own funds requirements (Pillar 1)	808.9	8.00%	750.5	8.00%	720.7	8.00%
Special Own funds (Pillar 2 requirement)	150.4	1.49%	165.1	1.76%	100.1	1.11%
Combined buffer requirement	266.6	2.64%	247.3	2.64%	239.0	2.65%
Pillar 2 guide	-	-	-	-	-	-
<b>Total own funds requirements</b>	<b>1,225.9</b>	<b>12.12%</b>	<b>1,162.9</b>	<b>12.40%</b>	<b>1,059.8</b>	<b>11.76%</b>

## 12 CAPITAL ADEQUACY, CONT.

## AVIDA FINANS AB

SEK MILLION

Capital context	Q2 2021		31-12-2020		Q2 2020	
Common Equity Tier 1 capital after any deductions	1,190.5	11.77%	1,220.3	13.01%	907.0	10.07%
Additional Tier 1 capital after any deductions	196.0	1.94%	195.3	2.08%	194.6	2.16%
Tier 2 capital after any deductions	247.0	2.44%	246.6	2.63%	247.9	2.75%
<b>Own funds</b>	<b>1,633.5</b>	<b>16.16%</b>	<b>1,662.2</b>	<b>17.72%</b>	<b>1,349.5</b>	<b>14.98%</b>

	Q2 2021		31-12-2020		Q2 2020	
	REA	Capital requirements	REA	Capital requirements	REA	Capital requirements
Risk exposure amount (REA) and capital base requirements	10,111.4	808.9	9,380.5	750.5	9,008.7	720.7
of which: own funds requirements for credit risk	9,029.0	722.3	8,271.3	661.7	8,172.9	653.8
of which: own funds requirements for market risk	33.0	2.6	59.7	4.8	46.1	3.7
of which: own funds requirements for operational risk	1,049.5	84.0	1,049.5	84.0	789.6	63.2
Transitional adjustment	-	-	-	-	-	-
Common equity Tier 1 capital / Common equity Tier 1 capital ratio	1,190.5	11.77%	1,220.3	13.01%	907.0	10.07%
Tier 1 capital / Tier 1 capital ratio	1,386.5	13.71%	1,415.6	15.09%	1,101.6	12.23%
Total own funds / Total own funds ratio	1,633.5	16.16%	1,662.2	17.72%	1,349.5	14.98%
Total equity Tier 1 capital requirements including buffer requirements	721.6	7.14%	669.4	7.14%	644.4	7.15%
of which: Capital conservation buffer	252.8	2.50%	234.5	2.50%	225.2	2.50%
of which: Counter-cyclical buffer	13.8	0.14%	12.8	0.14%	13.8	0.15%
Common equity Tier 1 capital available to use as a buffer	735.5	7.27%	798.2	8.51%	501.6	5.57%

OWN FUNDS	Q2 2021		31-12-2020		Q2 2020	
<b>Common Equity Tier 1 capital</b>						
Capital instruments and associated share premium reserve	934.4		934.4		69.9	
Other contributed capital	-		-		-	
Retained earnings and reserves	175.8		186.1		806.7	
Regulatory adjustments:						
- Intangible assets	15.9		6.6		42.6	
- Net profit due to capitalisation of future income			-			
- Adjustments relating to unrealised gains			-			
- Deferred tax assets	1.0		1.0		-	
- Other	-		-		-	
Reversal transitional rules to IFRS 9	97.2		107.4		73.0	
<b>Total Common Equity Tier 1 capital</b>	<b>1,190.5</b>		<b>1,220.3</b>		<b>907.0</b>	
<b>Additional Tier 1 capital</b>						
Perpetual subordinated loans	196.0		195.3		194.6	
Deduction from primary and supplementary capital (half of this)	-		-		-	
<b>Total other Tier 1 capital</b>	<b>196.0</b>		<b>195.3</b>		<b>194.6</b>	
<b>Tier 2 capital</b>						
Time-bound subordinated loans	247.0		246.6		247.9	
Deduction according to limitation rule	-		-		-	
<b>Total supplementary capital</b>	<b>247.0</b>		<b>246.6</b>		<b>247.9</b>	
<b>Total own funds</b>	<b>1,633.5</b>		<b>1,662.2</b>		<b>1,349.5</b>	

AVIDA

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## 12 CAPITAL ADEQUACY, CONT.

AVIDA FINANS AB						
SEK MILLION						
Specification of risk exposure amount (REA) and capital base requirements	Q2 2021		31-12-2020		Q2 2020	
	REA	Capital requirements	REA	Capital requirements	REA	Capital requirements
<b>Credit risk according to the standard method</b>						
Exposures to central banks and local authorities	4.9	0.4	5.7	0.5	4.9	0.4
Institution exposures	296.1	23.7	215.3	17.2	296.1	23.7
Corporate exposures	1,776.8	142.1	1,634.3	130.7	1,776.8	142.1
Retail exposures	6,043.4	483.5	5,709.7	456.8	6,043.4	483.5
Exposures secured by immovable property	20.0	1.6	31.9	2.6	20.0	1.6
Exposures in default	824.5	66.0	599.8	48.0	824.5	66.0
Equity exposures	2.0	0.2	2.0	0.2	2.0	0.2
Other items	61.3	4.9	72.6	5.8	61.3	4.9
<b>Total risk exposure amount and capital requirements</b>	<b>9,029.0</b>	<b>722.3</b>	<b>8,271.3</b>	<b>661.7</b>	<b>9,029.0</b>	<b>722.3</b>
<b>Market risk</b>						
Foreign exchange rate risk	33.0	2.6	59.7	4.8	-	-
<b>Total risk exposure amount and capital requirements</b>	<b>33.0</b>	<b>2.6</b>	<b>59.7</b>	<b>4.8</b>	<b>-</b>	<b>-</b>
<b>Operational risk</b>						
Basic indicator approach	1,049.5	84.0	1,049.5	84.0	-	-
Total risk exposure amount and capital requirements	1,049.5	84.0	1,049.5	84.0	-	-
<b>Total risk exposure amount and capital requirements</b>	<b>10,111.5</b>	<b>808.9</b>	<b>9,380.5</b>	<b>750.4</b>	<b>8,173.1</b>	<b>653.8</b>
<b>ADDITIONAL CAPITAL REQUIREMENTS PILLAR 2</b>						
Credit concentration risk	88.8		82.2		74.3	
Interest rate risk in banking book	38.6		44.8		18.9	
Other additional capital requirements	23.0		38.1		6.9	
<b>Total additional capital requirements Pillar 2</b>	<b>150.4</b>		<b>165.1</b>		<b>100.1</b>	
<b>LEVERAGE SOLVENCY</b>						
Exposure measures for calculation of leverage ratio	13,131.3		12,168.8		12,691.8	
Tier 1 capital	1,386.5		1,415.6		1,101.6	
<b>Leverage ratio, %</b>	<b>10.56%</b>		<b>11.63%</b>		<b>8.68%</b>	
<b>TOTAL OWN FUNDS REQUIREMENT (INCLUDING PILLAR 2)</b>						
Common Equity Tier 1 capital requirements	806.2	7.97%	761.4	8.13%	700.7	7.78%
Tier 1 capital requirements	986.1	9.75%	932.8	9.96%	854.6	9.49%
<b>Total Capital</b>	<b>1,225.9</b>	<b>12.12%</b>	<b>1,161.4</b>	<b>12.40%</b>	<b>1,059.8</b>	<b>11.76%</b>

## 12 CAPITAL ADEQUACY, CONT.

AVIDA CONSOLIDATED SITUATION						
SEK million						
Capital adequacy	Q2 2021		31-12-2020		Q2 2020	
Risk exposure amount	10,143.2		9,408.4		9,039.2	
Total own funds requirements	1,229.4	12.12%	1,165.9	12.39%	1,063.2	11.76%
<b>Total own funds</b>	<b>1,640.4</b>	<b>16.17%</b>	<b>1,668.6</b>	<b>17.74%</b>	<b>1,374.9</b>	<b>15.21%</b>
Own funds requirements	Q2 2021		31-12-2020		Q2 2020	
Own funds requirements (Pillar 1)	811.4	8.00%	752.7	8.00%	723.2	8.00%
Special Own funds requirement (Pillar 2) *1	150.6	1.48%	165.1	1.75%	100.1	1.11%
Combined buffer requirement	267.4	2.64%	248.1	2.64%	239.9	2.65%
Pillar 2 guide *2	-	-	-	-	-	-
<b>Total own funds requirements</b>	<b>1,229.4</b>	<b>12.12%</b>	<b>1,165.9</b>	<b>12.39%</b>	<b>1,063.2</b>	<b>11.76%</b>
Capital context	Q2 2021		31-12-2020		Q2 2020	
Common Equity Tier 1 capital after any deductions	1,197.4	11.80%	1,226.7	13.04%	933.9	10.33%
Additional Tier 1 capital after any deductions	196.0	1.93%	195.3	2.08%	194.6	2.15%
Tier 2 capital after any deductions	247.0	2.44%	246.6	2.62%	246.4	2.73%
<b>Own funds</b>	<b>1,640.4</b>	<b>16.17%</b>	<b>1,668.6</b>	<b>17.74%</b>	<b>1,374.9</b>	<b>15.21%</b>
	Q2 2021		31-12-2020		Q2 2020	
	REA	Capital requirements	REA	Capital requirements	REA	Capital requirements
Risk exposure amount (REA) and capital base requirements	10,143.2	811.4	9,408.4	752.7	9,039.2	723.2
of which: own funds requirements for credit risk	9,036.6	722.9	8,275.0	662.0	8,187.0	655.0
of which: own funds requirements for market risk	33.0	2.6	59.7	4.8	46.1	3.7
of which: own funds requirements for operational risk	1,073.6	85.9	1,073.6	85.9	806.0	64.5
Transitional adjustment	-	-	-	-	-	-
Common equity Tier 1 capital / Common equity Tier 1 capital ratio	1,197.4	11.80%	1,226.7	13.04%	933.9	10.33%
Tier 1 capital / Tier 1 capital ratio	1,393.4	13.74%	1,422.0	15.11%	1,128.5	12.48%
Total own funds / Total own funds ratio	1,640.4	16.17%	1,668.6	17.74%	1,374.9	15.21%
Total equity Tier 1 capital requirements including buffer requirements	723.8	7.14%	671.5	7.14%	646.6	7.15%
of which: Capital conservation buffer	253.6	2.50%	235.2	2.50%	226.0	2.50%
of which: Counter-cyclical buffer	13.8	0.14%	12.9	0.14%	13.9	0.15%
Common equity Tier 1 capital available to use as a buffer	741.0	7.30%	803.3	8.54%	527.1	5.83%

## 12 CAPITAL ADEQUACY, CONT.

AVIDA CONSOLIDATED SITUATION			
SEK million			
CAPITAL ADEQUACY	Q2 2021	31-12-2020	Q2 2020
<b>Common Equity Tier 1 capital</b>			
Capital instruments and associated share premium reserve	936,2	936,1	703,7
Other contributed capital	-	-	-
Retained earnings and reserves	181,0	191,0	200,2
Regulatory adjustments:			
- Intangible assets	16,0	6,8	43,0
- Net profit due to capitalisation of future income		-	
- Adjustments relating to unrealised gains		-	
- Deferred tax assets	1,0	1,0	-
- Other	-	-	-
Reversal transitional rules to IFRS 9	97,2	107,4	73,0
<b>Total Common Equity Tier 1 capital</b>	<b>1 197,4</b>	<b>1 226,7</b>	<b>933,9</b>
<b>Additional Tier 1 capital</b>			
Perpetual subordinated loans	196,0	195,3	194,6
Deduction from primary and supplementary capital (half of this)	-	-	-
<b>Total other Tier 1 capital</b>	<b>196,0</b>	<b>195,3</b>	<b>194,6</b>
<b>Tier 2 capital</b>			
Time-bound subordinated loans	247,0	246,6	246,4
Deduction according to limitation rule	-	-	-
<b>Total supplementary capital</b>	<b>247,0</b>	<b>246,6</b>	<b>246,4</b>
<b>Total own funds</b>	<b>1 640,4</b>	<b>1 668,6</b>	<b>1 374,9</b>

## 12 CAPITAL ADEQUACY, CONT.

AVIDA CONSOLIDATED SITUATION						
SEK million						
	Q2 2021		31-12-2020		Q2 2020	
Specification of risk exposure amount (REA) and capital base requirements	REA	Capital requirements	REA	Capital requirements	REA	Capital requirements
<b>Credit risk according to the standard method</b>						
Exposures to central banks and local authorities	4,9	0,4	5,7	0,5	3,3	0,3
Institution exposures	298,4	23,9	219,9	17,6	396,2	31,7
Corporate exposures	1 776,8	142,1	1 634,3	130,7	1 728,9	138,3
Retail exposures	6 045,2	483,6	5 700,2	456,0	5 546,7	443,7
Exposures secured by immovable property	20,0	1,6	31,9	2,6	36,3	2,9
Defaulted exposures	824,5	66,0	599,8	48,0	405,2	32,4
Other items	66,9	5,4	83,2	6,7	70,5	5,6
<b>Total risk exposure amount and capital requirements</b>	<b>9 036,7</b>	<b>722,9</b>	<b>8 275,0</b>	<b>662,0</b>	<b>8 187,1</b>	<b>655,0</b>
<b>Market risk</b>						
Foreign exchange rate risk	33,0	2,6	59,7	4,8	46,1	3,7
<b>Total risk exposure amount and capital requirements</b>	<b>33,0</b>	<b>2,6</b>	<b>59,7</b>	<b>4,8</b>	<b>46,1</b>	<b>3,7</b>
<b>Operational risk</b>						
Basic indicator approach	1 073,6	85,9	1 073,6	85,9	806,0	64,5
<b>Total risk exposure amount and capital requirements</b>	<b>1 073,6</b>	<b>85,9</b>	<b>1 073,6</b>	<b>85,9</b>	<b>806,0</b>	<b>64,5</b>
<b>Total risk exposure amount and capital requirements</b>	<b>10 143,3</b>	<b>811,5</b>	<b>9 408,3</b>	<b>752,7</b>	<b>9 039,2</b>	<b>723,1</b>
<b>ADDITIONAL CAPITAL REQUIREMENTS PILLAR 2</b>						
Credit concentration risk	89,0		82,2		74,3	
Interest rate risk in banking book	38,6		44,8		18,9	
Other additional capital requirements	23,0		38,1		6,9	
<b>Total additional capital requirements Pillar 2</b>	<b>150,6</b>		<b>165,1</b>		<b>100,1</b>	
<b>LEVERAGE SOLVENCY</b>						
Exposure measures for calculation of leverage ratio	13 175,3		12 106,5		12 649,3	
Tier 1 Leverage ratio	1 393,4		1 422,0		1 128,6	
<b>Leverage ratio %</b>	<b>10,58%</b>		<b>11,75%</b>		<b>8,92%</b>	
<b>TOTAL OWN FUNDS REQUIREMENT (INCLUDING PILLAR 2)</b>						
Common Equity Tier 1 capital requirements	808,5	7,97%	764,4	8,12%	703,0	7,78%
Tier 1 capital requirements	988,9	9,75%	936,5	9,95%	857,4	9,49%
<b>Total Capital</b>	<b>1 229,4</b>	<b>12,12%</b>	<b>1 165,9</b>	<b>12,39%</b>	<b>1 063,2</b>	<b>11,76%</b>



## 13 RELATED PARTY TRANSACTIONS

Avida Finans AB (publ), Corp. ID no. 556230-9004 (situated in Sweden), owns 100% of Avida Inkasso AS's shares. Avida Finans AB (publ) is also the parent company in the group for which consolidated accounts are prepared.

The following transactions have taken place with related parties on market terms:

### (A) SALES OF GOODS AND SERVICES

Avida Finans AB has during the quarter sold services to the subsidiary Avida Inkasso AS (Corp. ID no. 913778367) to an amount of SEK 0.0 (0.0) million.

### (B) PURCHASE OF GOODS AND SERVICES

Avida Finans AB has during the quarter bought services from the subsidiary Avida Inkasso AS (Corp. ID no. 913778367) to an amount of SEK 0.5 (0.9) million.

### (C) RECEIVABLES AND LIABILITIES AT THE END OF PERIOD

As of the balance sheet date, Avida Finans AB has a net debt of SEK 0.5 (0.0) million to the subsidiary Avida Inkasso AS.

## 14 SIGNIFICANT SUBSEQUENT EVENTS DURING THE PERIOD

On 28 June, Avida announced that Tine Gottlob Wollebekk will take over as CEO of the company. Tine Gottlob Wollebekk is expected to assume her position around 1 January 2022.

# Definitions

## ALTERNATIVE PERFORMANCE MEASURES<sup>1)</sup>

### RETURN ON EQUITY

Net profit/loss divided by average adjusted equity

CALCULATION (19.3 / 1,331.9 \* 100)

### C/I RATIO

Total operating expenses divided by total operating income, excluding credit losses

CALCULATION (79.7 / 199.7)

### OWN FUNDS

The sum of primary and supplementary capital minus deductions under the Capital Insurance Regulation (EU) No 575/2013 Article 36

### COMMON EQUITY TIER 1 CAPITAL RATIO

Common equity tier 1 divided by the Total risk-weighted exposure amount

CALCULATION: (1,229.4 / 10,143.3 \* 100)

### LIQUIDITY COVERAGE RATIO LCR

The size of the liquidity reserve in relation to an expected stressed net cash flow over a 30-day period

CALCULATION (556.1 / 289.9)

### TIER 1 CAPITAL RATIO

Tier 1 capital divided by the total risk-weighted exposure amount

CALCULATION (1,393.4 / 10,143.3 \* 100)

### PROVISION RATIO

Provision set aside at the end of the period for future credit losses in relation to lending to the public (gross) at the end of the period

CALCULATION (818.9 / 11,662.8 \* 100)

### RISK EXPOSURE AMOUNT

Risk-weighted exposures refer to the assigned value of an exposure, on and off the balance sheet

### NET INTEREST INCOME

Total interest income minus interest expenses

CALCULATION (224.0 - 30.2)

### SOLIDITY

Adjusted equity at the end of the year divided by total assets at the end of the period

CALCULATION: (1,338.8 / 13,097.6 \* 100)

### TOTAL CAPITAL RATIO

Capital base divided by the total risk weighted exposure-amount

CALCULATION (1,640.4 / 10,143.3 \* 100)

### OTHER COMPREHENSIVE INCOME

Other comprehensive income including components that have or may come to be reclassified to the profit and loss statement

### PROFIT MARGIN

Profit before allocations and tax divided by operating income

CALCULATION (25.4 / 199.7 \* 100)

<sup>1)</sup> Alternative Performance Measures (APM) are financial measures of historical or future earnings development, financial position or cash flow that are not defined in the applicable accounting regulations (IFRS) or in the Fourth Capital Requirements Directive (CRD IV) or in the EU Capital Requirements Regulation No. 575/2013 (CRR).

Avida Finans uses alternative performance measures when relevant to follow up and describe the company's financial position and increase comparability between the periods. These do not have to be comparable with similar key figures presented by other companies.

# Board of directors and CEO declaration

The Board of Directors and the CEO assure that the interim report provides a fair picture Avida Finans AB's operations, financial standing and result and describes significant risks and uncertainties that the company faces.

**Stockholm, 26 August 2021**

Varun Khaana, Chairman of the Board

Celina Midelfart, Member

Daniel Knottenbelt, Member

Pehr Olofsson, Interim CEO

Geir Olsen, Member

John Howard, Member

# Publication of financial information

AVIDA FINANS AB (PUBL)'S FINANCIAL REPORTS ARE AVAILABLE AT [WWW.AVIDA.SE](http://WWW.AVIDA.SE)

## FINANCIAL CALENDAR 2021

25 NOVEMBER  
24 FEBRUARY 2022

Q3 - INTERIM REPORT JANUARY-SEPTEMBER 2021  
Q4 - YEAR END REPORT 2021

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The logo for AIDA, featuring the word "AIDA" in a bold, orange, sans-serif font. The letters are closely spaced and have a slight shadow effect.

**AIDA**

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