

INTERIM REPORT

JANUARY-SEPTEMBER

2021



AVIDA FINANS AB (PUBL)
556230-9004

AVIDA

TABLE OF CONTENTS

3	CEO COMMENTS
5	KEY RATIOS AND FINANCIAL DEVELOPMENT
7	INCOME STATEMENT
7	STATEMENT OF COMPREHENSIVE INCOME
9	STATEMENT OF FINANCIAL POSITION
11	STATEMENT OF CHANGES IN EQUITY
13	CASH FLOW STATEMENT
15	NOTES
33	DEFINITIONS - ALTERNATIVE PERFORMANCE MEASURES
34	BOARD OF DIRECTORS AND CEO DECLARATION
35	FINANCIAL CALENDAR

CEO COMMENTS

Increased demand resulted in stable, profitable growth



Growing volumes, thanks to increased demand for financing in all our markets, improved net interest income, and good cost control resulted in an operating profit of SEK 33 million for the third quarter of the year.

CONTINUED STABLE VOLUME GROWTH

We saw continued stable loan growth during the quarter, and lending to the general public amounted to SEK 10,933 million in lended volume. It was mainly within the business segment we saw the largest growth. We are becoming increasingly relevant within our segment and saw an increased pipeline during the quarter. Our newly formed debt finance team has begun to make an impression on the Swedish market with a number of new deals during the quarter, and in the Finnish business we are seeing great success with our factoring product where volume growth has been very positive during the period. While we have taken on a lot of new business, we have continued our efforts to improve the quality of our existing portfolio, which has slowed growth somewhat.

In the consumer market, we are seeing volume growth in Norway where the new business system that has been put into operation during the period has immediately and beneficially contributed from the outset as we can now offer a better customer interface. In Sweden and Finland, we see cautious growth where, among other things, temporary regulations in Finland linked to the pandemic have held back growth somewhat. The price restriction in Finland has now been released in the 4th quarter, and this will promote increased growth going forward.

SALES OF PORTFOLIOS OF OVERDUE CREDITS IN FINLAND

During the quarter, we sold our portfolio of overdue consumer credits in Finland to the collection company Modhi. The deal in Finland was the first structured sale of this type for Avida, but will most likely be followed by several in the future. Sale of overdue receivables is strategically important as it is not within our strategy to manage overdue receivables. Furthermore, we release capital that can be invested in continued profitable growth.

REDUCED COSTS AND STABLE CREDIT LOSSES

Costs continue to fall in relation to our revenues and the C/I ratio for the period is 0.35. The exchange of consultants where we have completed consultancy assignments and replaced them with our own staff has contributed positively to the development of costs, but the IT costs have also decreased during the period. Credit losses increased slightly in absolute terms during the quarter, but losses in relation to the development of volume remain stable. Although our credit quality is essentially very good, we closely monitor the market and our customers in order to be able to act in time if conditions change, for example, when various local pandemic-related support from the authorities is phased out during the fall.

THE FIRST STAGE OF A NEW BUSINESS SYSTEM HAS BEEN DELIVERED

With our new business platform Stacc, the opportunities presented will build longer relationships with our customers and give us an increased opportunity for additional sales.

This is something that will contribute to more profitable consumer business overall, as we will be able to increase customer loyalty and gain more satisfied customers who stay with us longer. The first delivery of Stacc has now been put into operation in Norway, and we saw immediate positive effects of the system change. The system change project is now moving on, and in the fourth quarter of this year, it is Sweden's turn to get access to the same system. Modernisation will be completed in the first quarter of 2022, when Stacc, according to plan, is put into operation in Finland as well.

RETURN TO CREATIVITY, PRODUCTIVITY AND WELL-BEING

In connection with the authorities starting to ease local restrictions that applied during the Corona pandemic, our staff have been able to return to working together in the office again. To be able to work together again at our offices generates energy and creativity, something that our customers benefit from as well. During the year, plans for a new Stockholm office have taken shape, and after the summer, the construction of the new office has picked up pace. The new, modern office will be ready by the end of the year and will be a place for work, creativity and social interaction on a new level. At the

beginning of the summer, Avida's Finnish office changed address and just over a year ago, the Norwegian operations got a better location when they move into the central parts of Oslo, so once the office relocation in Stockholm has been completed, all employees will have access to modern, well-functioning offices at central addresses. The ability of the employees to grow and develop together is crucial for Avida's success and for us to become the attractive employer we want to be. The pre-requisites for this are now in place.

SIGNIFICANT AGREEMENTS

The agreement with an external supplier regarding the management of overdue credits, so-called forward flow, that was terminated during last year has resulted in a legal dispute. Negotiations are ongoing with the company concerned, but no settlement has yet been reached.

IMPORTANT EVENTS DURING THE PERIOD

During the quarter, Avida's board was strengthened with a new, independent member when Teresa Robson-Capps was elected into the board. Avida's management team has been supplemented with Chief Compliance Officer Marie Demselius, Chief

Credit Officer Lars Backman and Chief HR Officer Johan Pegelow who joined during the period.

With an established long-term strategy, a well-adapted product range and an increased demand for financing solutions combined with good cost control, I am convinced that we will continue to deliver profitable growth as we can now have the pandemic behind us and instead start to look ahead with greater focus.

Stockholm, 25 November 2021

Pehr Olofsson
Interim CEO



Key ratios

GROUP	Q3 2021	Q2 2021	Q1 2021	Jan-Dec 2020	Q3 2020
SEK MILLION					
Net interest income	207	194	176	724	184
Net commission income	3	4	4	12	4
Profit/loss before credit losses	138	120	105	442	122
Credit losses, net	-104	-95	-98	-437	-82
Operating profit	33	25	7	5	40
Loans to credit institutions	1,410	1,450	1,978	1,085	1,334
Loans to the public	10,933	10,844	10,356	9,979	10,166
Deposits from the public	11,380	11,366	11,388	10,160	10,600
Equity	1,360	1,339	1,325	1,323	1,350
Solidity (%)	10.3	10.2	10.1	11.2	10.9
C/l ratio	0.35	0.40	0.41	0.39	0.35
Return on equity (%)	7.7	5.8	1.8	0.7	11.2
Capital adequacy (%)	16.1	16.2	16.7	17.7	17.4
Provision ratio (%)	6.6	7.0	6.7	6.1	4.9
PARENT COMPANY					
SEK MILLION					
Net interest income	204	191	173	711	182
Net commission income	3	4	4	12	4
Profit/loss before credit losses	137	119	104	437	122
Credit losses, net	-104	-94	-98	-436	-82
Operating profit	33	24	6	1	41
Loans to credit institutions	1,398	1,438	1,967	1,075	1,325
Loans to the public	10,930	10,843	10,355	9,978	10,164
Deposits from the public	11,380	11,366	11,388	10,160	10,600
Equity	1,350	1,330	1,317	1,316	1,326
Solidity (%)	10.3	10.2	10.1	11.1	10.8
C/l ratio	0.35	0.40	0.40	0.39	0.34
Return on equity (%)	7.5	5.4	1.6	-0.1	11.6
Capital adequacy (%)	16.1	16.2	16.7	17.7	17.2
Provision ratio (%)	6.6	7.0	6.7	6.1	4.9

FINANCIAL DEVELOPMENT

Lending to the general public increased during the quarter by 1% to SEK 10,933 million. This was mainly driven by the volume development within Business Finance. There we saw increased demand both for factoring products and for loans. The volume in Consumer Finance decreased in the quarter, which is explained by the fact that we sold the Finnish NPL portfolio. Apart from this, we saw continued underlying growth. The sales of the Finnish NPL portfolio were earnings-neutral.

Net interest income increased by 7% during the quarter. This was driven by the above-mentioned volume growth together with slightly increased margins. Strong access to liquidity led to the financing costs being historically low.

Credit losses increased slightly to SEK 104 million. This was driven by the increased volume. The underlying credit quality is continually

good within both Consumer Finance and Business Finance. We also saw an improvement in credit quality within Digital Loans – SME loans in Germany and Holland. This was driven by the fact that these communities have opened up to a greater extent after the restrictions in connection with Covid-19 having been removed.

The costs decreased in the quarter. This was mainly driven by reduced costs for consultants. We have gradually made the shift from consultants to our own employees. This has meant that staffing costs have increased slightly in the quarter. Furthermore, costs for legal services and IT decreased during the quarter. This, together with increased revenue, meant that the C/I ratio decreased to 0.35.

We reported a profit before tax of SEK 33 million, which corresponds to a return on CET1 capital of 7.7%



Income statement

GROUP	Note	Q3 2021	Q2 2021	%	Q1 2021	Jan-Dec 2020	Q3 2020	%
SEK million								
Interest income	5	236.3	224.0	5%	209.0	919.7	229.7	3%
Interest expenses	5	-29.4	-30.2	-3%	-33.0	-195.7	-45.6	-36%
NET INTEREST INCOME		206.9	193.8	7%	175.9	724.1	184.1	12%
Commission income	6	3.4	4.0	-13%	3.7	11.5	4.1	-16%
Commission expense	6	-	-	-	-	-	-	-
NET COMMISSION INCOME		3.4	4.0	-13%	3.7	11.5	4.1	-16%
Net profit/loss of financial transactions		1.4	1.8	-22%	-3.5	-8.1	-2.7	-
Other income		0.2	0.1	27%	-	0.6	0.3	-39%
TOTAL OPERATING INCOME		211.9	199.7	6%	176.2	728.2	185.8	14%
General administrative expenses		-68.4	-72.9	-6%	-65.3	-259.3	-59.4	15%
Depreciation and impairments of tangible and intangible fixed assets		-6.0	-6.8	-12%	-6.0	-27.3	-4.8	25%
TOTAL COSTS BEFORE CREDIT LOSSES		-74.4	-79.7	-7%	-71.3	-286.6	-64.2	16%
PROFIT/LOSS BEFORE CREDIT LOSSES		137.5	120.0	15%	104.9	441.6	121.6	13%
Credit losses, net	7	-104.3	-94.6	10%	-97.8	-436.6	-81.6	28%
OPERATING PROFIT/LOSS		33.2	25.4	31%	7.1	5.0	40.0	-17%
PROFIT/LOSS BEFORE TAX		33.2	25.4	31%	7.1	5.0	40.0	-17%
Tax on annual profit/loss		-7.3	-6.1	20%	-1.1	-3.0	-5.7	28%
NET PROFIT FOR THE PERIOD		25.9	19.3	34%	6.1	2.0	34.3	-24%

Statement of comprehensive income

GROUP	Note	Q3 2021	Q2 2021	Q1 2021	Jan-Dec 2020	Q3 2020
SEK million						
NET PROFIT FOR THE PERIOD		25.9	19.3	6.1	2.0	34.3
Changes in the fair value of financial assets valued at fair value through other total profit/loss	10,11	-	-	-	-	-
Exchange rate differences when translating foreign operations		-2.1	1.4	0.9	3.6	-0.1
Changes in Tier 1 instrument		-5.1	-5.3	-4.9	-21.0	-5.3
Sum of items that may be subsequently reclassified to the income statement		-7.3	-3.9	-4.0	-17.4	-5.4
TOTAL PROFIT/LOSS FOR THE PERIOD		18.7	15.5	2.1	-15.4	28.9

Income statement

PARENT COMPANY	Note	Q3 2021	Q2 2021	%	Q1 2021	Jan-Dec 2020	Q3 2020	%
SEK million								
Interest income	5	233.6	220.9	6%	206.0	906.7	227.8	3%
Interest expenses	5	-29.4	-30.2	-3%	-32.9	-195.6	-45.7	-36%
NET INTEREST INCOME		204.2	190.7	7%	173.1	711.2	182.1	12%
Commission income	6	3.4	4.0	-13%	3.7	11.5	4.1	-16%
Commission expense	6	-	-	-	-	-	-	-
NET COMMISSION INCOME		3.4	4.0	-13%	3.7	11.5	4.1	-16%
Net profit/loss of financial transactions		1.4	1.8	-22%	-3.6	-8.2	-2.8	-
Other income		0.2	0.1	38%	-	1.3	0.3	-41%
TOTAL OPERATING INCOME		209.2	196.6	6%	173.2	715.8	183.7	14%
General administrative expenses		-68.1	-73.6	-7%	-64.2	-258.4	-58.5	16%
Depreciation and impairments of tangible and intangible fixed assets		-4.3	-4.5	-5%	-4.8	-20.0	-3.0	43%
TOTAL COSTS BEFORE CREDIT LOSSES		-72.4	-78.0	-7%	-69.0	-278.4	-61.5	18%
PROFIT/LOSS BEFORE CREDIT LOSSES		136.8	118.5	15%	104.2	437.3	122.2	12%
Credit losses, net	7	-104.2	-94.5	10%	-97.8	-436.2	-81.6	28%
OPERATING PROFIT/LOSS		32.6	24.1	35%	6.4	1.1	40.6	-20%
PROFIT/LOSS BEFORE TAX		32.6	24.1	35%	6.4	1.1	40.6	-20%
Tax on annual profit/loss		-7.3	-6.1	20%	-1.1	-2.2	-5.6	30%
NET PROFIT FOR THE PERIOD		25.3	18.0	40%	5.3	-1.1	35.0	-28%

Statement of comprehensive income

PARENT COMPANY	Note	Q3 2021	Q2 2021	Q1 2021	Jan-Dec 2020	Q1 2020
SEK million						
NET PROFIT FOR THE PERIOD		25.3	18.0	5.3	-1.1	35.0
Changes in the fair value of financial assets valued at fair value through other total profit/loss	10,11	-	-	-	-	-
Exchange rate differences when translating foreign operations		-1.0	0.3	0.4	3.9	-0.4
Changes in Tier 1 instrument		-5.1	-5.3	-4.9	-21.0	-5.3
Sum of items that may be subsequently reclassified to the income statement		-6.1	-5.0	-4.6	-17.0	-5.7
TOTAL PROFIT/LOSS FOR THE PERIOD		19.2	13.0	0.7	-18.1	29.3

Statement of financial position

GROUP	Note	30-09-2021	31-12-2020	Δ SEK million	30-09-2020	Δ SEK million
SEK MILLION						
ASSETS						
Cash and balances with central banks	10	324.6	220.5	104.1	231.4	93.2
Collateralised government bonds	10,11	328.2	443.9	-115.7	409.8	-81.6
Loans to credit institutions	10	1,410.2	1,085.3	324.9	1,334.3	75.9
Loans to the public	8,10	10,933.4	9,979.1	954.3	10,166.2	767.2
Derivatives	10	-	-	-	72.7	-72.7
Intangible fixed assets		32.2	29.1	3.1	40.4	-8.2
Tangible assets		6.6	10.3	-3.7	12.3	-5.7
Current tax asset		50.4	20.4	30.0	15.3	35.1
Other assets	10	57.0	43.8	13.2	42.0	15.0
Prepaid expenses and accrued income		8.8	16.3	-7.5	16.1	-7.3
TOTAL ASSETS		13,151.4	11,848.7	1,302.7	12,340.5	810.9
LIABILITIES AND PROVISIONS						
Deposits from the public	9,10	11,380.0	10,159.9	1,220.2	10,600.0	780.0
Derivatives	10	15.0	7.5	7.5	-	15.0
Other liabilities	10	112.5	87.5	25.0	112.1	0.4
Deferred tax		0.1	0.1	-	-	0.1
Accrued expenses and prepaid income		36.8	24.6	12.2	31.7	5.1
Subordinated debt	10	247.2	246.6	0.6	246.5	0.7
TOTAL LIABILITIES		11,791.6	10,526.2	1,265.4	10,990.3	801.3
EQUITY						
Share capital		12.8	12.8	-	7.1	5.7
Other reserves		1.8	1.8	-	1.8	-
Other contributed capital		1,119.6	1,118.6	1.0	1,118.3	1.3
Retained earnings		174.2	187.4	-13.1	197.7	-23.5
Net profit/loss		51.3	2.0	49.4	25.3	26.1
TOTAL EQUITY		1,359.8	1,322.6	37.2	1,350.2	9.6
TOTAL LIABILITIES AND EQUITY		13,151.4	11,848.7	1,302.7	12,340.5	810.9

Statement of financial position

PARENT COMPANY	Note	30-09-2021	31-12-2020	Δ SEK million	30-09-2020	Δ SEK million
SEK MILLION						
ASSETS						
Cash and balances with central banks	10	324.6	220.5	104.1	231.4	93.2
Collateralised government bonds	10,11	328.2	443.9	-115.7	409.8	-81.6
Loans to credit institutions	10	1,398.4	1,075.0	323.4	1,324.9	73.5
Loans to the public	8,10	10,930.4	9,977.8	952.6	10,164.3	766.1
Derivative instruments		-	-	-	72.7	-72.7
Shares and units in Group companies		2.0	2.0	-	-	2.0
Intangible fixed assets		32.0	28.9	3.1	40.1	-8.1
Tangible assets		1.2	1.6	-0.4	1.8	-0.6
Current tax asset		51.1	21.4	29.7	15.6	35.5
Other assets	10	57.5	44.3	13.1	43.5	14.0
Prepaid expenses and accrued income		8.5	14.6	-6.1	14.2	-5.7
TOTAL ASSETS		13,134.0	11,830.0	1,304.0	12,318.3	815.7
LIABILITIES AND PROVISIONS						
Deposits from the public	9,10	11,380.0	10,159.9	1,220.1	10,600.0	780.0
Derivatives	10	15.0	7.5	7.5	-	15.0
Other liabilities	10	105.6	76.1	29.5	99.7	5.8
Accrued expenses and prepaid income		36.3	24.1	12.2	31.4	4.9
Subordinated debt	10	247.2	246.6	0.6	261.5	-14.3
TOTAL LIABILITIES		11,784.1	10,514.2	1,269.1	10,992.6	791.5
EQUITY						
Share capital		12.8	12.8	-	12.8	-
Statutory reserve		1.8	1.8	-	1.8	-
Fund for development expenditure		30.5	25.3	5.2	35.5	-5.0
Tier 1 capital		196.3	195.3	1.0	195.0	1.3
Retained earnings		1,059.9	1,081.8	-2.9	1,058.0	1.9
Net profit/loss		48.5	-1.1	49.6	22.6	25.9
TOTAL EQUITY		1,349.8	1,315.9	33.9	1,325.8	24.0
TOTAL LIABILITIES AND EQUITY		13,134.0	11,830.0	1,304.0	12,318.3	815.7

Statement of changes in equity

30-09-2021 GROUP					
SEK MILLION					
	RESTRICTED EQUITY		UNRESTRICTED EQUITY		TOTAL
	SHARE CAPITAL	OTHER RESERVES	OTHER CONTRIBUTED CAPITAL	RETAINED EARNINGS AND NET PROFIT/LOSS	
Opening balance at 01-01-2021	12.8	1.8	1,118.6	189.3	1,322.6
Total profit/loss for the period	-	-	-	36.2	36.2
Reported in profit and loss account	-	-	-	51.3	51.3
Reported as other total profit/loss	-	-	-	-15.1	-15.1
Tier 1 capital, AT1	-	-	1.0	-	1.0
Transactions with shareholders					
Option program	-	-	-	-	-
New share issues	-	-	-	-	-
Transactions within the controlling influence	-	-	-	-	-
Closing balance at 30-09-2021	12.8	1.8	1,119.6	225.6	1,359.8

31-12-2020 GROUP					
SEK MILLION					
	RESTRICTED EQUITY		UNRESTRICTED EQUITY		TOTAL
	SHARE CAPITAL	OTHER RESERVES	OTHER CONTRIBUTED CAPITAL	RETAINED EARNINGS AND NET PROFIT/LOSS	
Opening balance at 01-01-2020	6.1	1.8	846.8	214.4	1,069.1
Total profit/loss for the period	-	-	-	-15.4	-15.4
Reported in profit and loss account	-	-	-	2.0	2.0
Reported as other total profit/loss	-	-	-	-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	0.0
Closing balance at 31-12-2020	12.8	1.8	1,118.6	189.3	1,322.6

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

30-09-2021 PARENT COMPANY

SEK MILLION

	RESTRICTED EQUITY			UNRESTRICTED EQUITY		TOTAL
	SHARECAPITAL	FUND FOR DEVELOPMENT EXPENDITURE	STATUTORY RESERVE	OTHER CONTRIBUTED CAPITAL	RETAINED EARNINGS AND NET PROFIT/LOSS	
Opening balance at 01-01-2021	12.8	25.3	1.8	195.3	1,080.7	1,315.9
Total profit/loss for the period	-	-	-	-	32.9	32.9
Reported in profit and loss account	-	-	-	-	48.5	48.5
Reported as other total profit/loss	-	-	-	-	-15.6	-15.6
Change in fund for development expenditure	-	5.2	-	-	-5.2	-
Tier 1 capital, AT1	-	-	-	1.0	-	1.0
Transactions with shareholders						
Shareholder contribution	-	-	-	-	-	-
Group contribution	-	-	-	-	-	-
Closing balance at 30-09-2021	12.8	30.5	1.8	196.3	1,108.4	1,349.8

31-12-2020 PARENT COMPANY

SEK MILLION

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

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

Cash flow statement

GROUP	30-09-2021	31-12-2020
SEK MILLION		
Operating profit	65.8	5.0
<i>Adjustment for items not included in cash flow</i>		
Unrealised credit losses (Provisions)	266.6	394.3
Depreciation of tangible and intangible assets	18.8	27.3
Other non-cash items	-	-
Income tax paid	-64.9	-21.3
Cashflow from operating activities before changes in operating assets and liabilities	286.3	405.3
Changes in operating assets and liabilities		
Increase/decrease loans to the public	-1,220.9	-2,020.8
Increase/decrease other assets	-8.2	-6.9
Increase/decrease deposits from the public	1,220.2	1,048.5
Increase/Decrease of other liabilities	67.6	-34.2
Cash flow from operating activities	345.0	-608.1
Investing activities		
Acquisition/Sale of tangible fixed assets	-0.6	-0.5
Acquisition/Sale of intangible fixed assets	-16.8	-3.8
Acquisition/Sale of collateralised government bonds	115.7	-194.8
Cash flow from investing activities	98.3	-199.1
Financing activities		
Interest on Tier 1 (AT1)	-14.3	-19.6
Change in subordinated debt	0.6	-0.7
New share issues	-	271.7
Change in options program	-	-4.0
Cash flow from financing activities	-13.7	247.4
Cash flow for the period	430.0	-559.8
Liquid funds at beginning of the period	1,305.8	1,861.9
Currency translation differences	-1.0	3.6
Liquid funds at end of period	1,734.8	1,305.8

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

Cash flow statement

PARENT COMPANY	30-09-2021	31-12-2020
SEK MILLION		
Operating profit	63.0	1.1
<i>Adjustment for items not included in cash flow</i>		
Unrealised credit losses (Provisions)	266.5	394.4
Depreciation of tangible and intangible assets	13.5	20.0
Other non-cash items	-	-
Income tax paid	-65.6	-21.7
Cashflow from operating activities before changes in operating assets and liabilities	277.4	394.8
Changes in operating assets and liabilities		
Increase/decrease loans to the public	-1,219.1	-2,022.7
Increase/decrease other assets	-9.3	-1.9
Increase/decrease deposits from the public	1,220.2	1,048.5
Increase/Decrease of other liabilities	72.9	-27.7
Cash flow from operating activities	342.1	-610.0
Investing activities		
Acquisition/Sale of tangible fixed assets	-0.6	-0.5
Acquisition/Sale of intangible fixed assets	-16.6	-4.0
Acquisition/Sale of collateralised government bonds	115.7	-194.8
Cash flow from investing activities	98.5	-199.3
Financing activities		
Interest on Tier 1 (AT1)	-14.3	-19.6
Change in subordinated debt	0.6	-14.3
Shareholder contribution received	-	270.0
Merger effect	-	15.5
Cash flow from financing activities	-13.7	251.6
Cash flow for the period	426.9	-557.7
Liquid funds at beginning of the period	1,295.6	1,849.4
Currency translation differences	0.6	3.9
Liquid funds at end of period	1,723.1	1,295.6

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 invoice lending 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 Corp. ID 990 728 488 and Avida Finans AB, Finnish Branch Corp. ID 2541768-9. Furthermore, Avida conducts debt collection operations in Norway through the wholly owned subsidiary Avida Inkasso AS Corp ID 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 (ÅRK L) 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

MARKET AND INTEREST RATE RISK FOR LOANS AND DEPOSITS

Risks in deposits from the public	Financial measure	Change	Q3 2021	Q3 2020
Change in deposit interest rate	Profit/loss before tax	+/-1 percentage points	+/- 28.4	+/- 26.9
	Change in equity	+/-1 percentage points	+/- 22.3	+/- 21.2

Risks in loans to the public	Financial measure	Change	Q3 2021	Q3 2020
Change in lending interest rate	Profit/loss before tax	+/-1 percentage points	+/- 27.2	+/- 25.0
	Change in equity	+/-1 percentage points	+/- 21.4	+/- 19.6

Risks in loans to credit institutions	Financial measure	Change	Q3 2021	Q3 2020
Change in lending interest rate	Profit/loss before tax	+/-1 percentage points	+/- 3.6	+/- 4.1
	Change in equity	+/-1 percentage points	+/- 2.8	+/- 3.2

EXCHANGE RATE RISK

Risks for result from foreign branches and companies	Financial measure	Change	Q3 2021	Q3 2020
Change in exchange rate SEK-NOK	Profit/loss before tax	+/-10 percentage points	+/- 1.5	+/- 0.9
	Change in equity	+/-10 percentage points	+/- 1.2	+/- 0.7
Change in exchange rate SEK-EUR	Profit/loss before tax	+/-10 percentage points	+/- 3.1	+/- -3.9
	Change in equity	+/-10 percentage points	+/- 2.5	+/- -3.1

CREDIT RISK

Risk of change in recovery of overdue credits	Financial measure	Change	Q3 2021	Q3 2020
Changes in LGD	Profit/loss before tax	+/-5 percentage points	+/- 91.9	+/- 105.6
	Change in equity	+/-5 percentage points	+/- 72.2	+/- 83.0

Finansinspektionen's regulations FFFS 2010:7, which means that it 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	30-09-2021	31-12-2020	30-09-2020
SEK MILLION			
Liquidity reserve			
Cash and balances with central banks	324.6	220.5	231.4
Collateralised government bonds etc.	328.2	443.9	409.8
Loans to credit institutions (available the next day)	1,410.2	1,085.3	1,334.3
Total liquidity reserve	2,063.0	1,749.7	1,975.5

PARENT COMPANY	30-09-2021	31-12-2020	30-09-2020
SEK MILLION			
Liquidity reserve			
Cash and balances with central banks	324.6	220.5	231.4
Collateralised government bonds etc.	328.2	443.9	409.8
Loans to credit institutions (available the next day)	1,398.4	1,075.0	1,324.9
Total liquidity reserve	2,051.2	1,739.4	1,966.1

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, where Business Finance, is divided into Factoring and Corporate Loans.

The profit measure that is followed up at segment level is the operating profit. Profit/loss 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.

SEGMENT REPORTING GROUP Q3 2021	CONSUMER FINANCE	FACTORING	CORPORATE LOANS	TOTAL
SEK million				
Interest income	172.7	38.1	25.5	236.3
Interest expenses	-21.1	-5.2	-3.1	-29.4
Commission income	3.4	-	-	3.4
Commission expense	-	-	-	-
Net profit/loss of financial transactions	1.2	0.1	0.1	1.4
Other income	0.1	0.1	-	0.2
Total operating income	156.3	33.1	22.5	211.9
General administrative expenses	-39.1	-24.9	-4.4	-68.4
Depreciation and impairments of tangible and intangible fixed assets	-5.1	-0.6	-0.3	-6.0
Total cost before credit losses	-44.2	-25.5	-4.7	-74.4
Profit/loss before credit losses	112.2	7.6	17.8	137.5
Credit losses, net	-97.4	-3.9	-3.0	-104.3
Profit/loss before tax	14.8	3.7	14.8	33.2
Tax	-3.3	-0.8	-3.3	-7.3
Net profit	11.5	2.9	11.5	25.9

Loans to the public	7,860.9	1,926.8	1,145.8	10,933.4
Net interest margin	7.2%	6.9%	7.5%	7.2%
Credit losses (%)	4.6%	0.8%	1.0%	3.6%
Return on equity Tier 1	5.5%	6.1%	38.8%	9.0%

SEGMENT REPORTING GROUP Q3 2020	CONSUMER FINANCE	FACTORING	CORPORATE LOANS	TOTAL
SEK million				
Interest income	160.1	36.8	32.8	229.7
Interest expenses	-34.3	-6.8	-4.5	-45.6
Commission income	4.1	-	-	4.1
Commission expense	-	-	-	-
Net profit/loss of financial transactions	-1.6	-0.8	-0.2	-2.7
Other income	-	0.3	-	0.3
Total operating income	128.3	29.5	28.0	185.8
General administrative expenses	-33.4	-22.8	-3.3	-59.4
Depreciation and impairments of tangible and intangible fixed assets	-3.6	-0.8	-0.3	-4.8
Total cost before credit losses	-37.0	-23.6	-3.6	-64.2
Profit/loss before credit losses	91.3	5.9	24.4	121.6
Credit losses, net	-78.8	-1.9	-0.8	-81.6
Profit/loss before tax	12.5	4.0	23.5	40.0
Tax	-1.7	-0.9	-3.5	-5.7
Net profit	10.8	3.1	20.4	34.3

Loans to the public	7,272.6	1,725.0	1,168.6	10,166.2
Net interest margin	6.9%	6.7%	8.9%	7.1%
Credit losses (%)	4.3%	0.4%	0.3%	3.2%
Return on equity Tier 1	6.0%	7.1%	65.6%	11.3%

GROUP	Sweden	Norway	Finland	Total
SEK million				
Q3 2021				
Total operating income	122.9	29.5	59.5	211.9
Loans to the public	6,220.2	1,437.1	3,276.1	10,933.4
Q3 2020				
Total operating income	106.9	24.5	54.4	185.8
Loans to the public	5,639.0	1,183.6	3,343.3.8	10,166.2

5 NET INTEREST INCOME

GROUP	Q3 2021	Q2 2021	Q1 2021	Jan-Dec 2020	Q3 2020
SEK MILLION					
Interest income					
Loans to the public	196.6	186.1	178.5	768.2	190.9
Factoring	35.3	34.5	28.0	135.2	35.0
Other	4.3	3.4	2.5	16.3	2.0
Total interest income	236.3	224.0	209.0	919.7	227.8
Interest expenses					
Borrowing and credit from the public	29.2	30.1	33.0	194.2	44.9
Other	0.2	0.1	-	1.5	0.7
Total interest costs	29.4	30.2	33.0	195.7	45.7
Net interest income	206.9	193.8	175.9	724.1	182.1
PARENT COMPANY					
SEK MILLION					
Interest income					
Loans to the public	194.2	183.0	175.6	755.2	189.6
Factoring	35.2	34.5	28.0	135.2	35.6
Other	4.2	3.4	2.4	16.3	2.6
Total interest income	233.6	220.9	206.0	906.7	227.8
Interest expenses					
Borrowing and credit from the public	29.2	30.1	32.9	194.1	45.0
Other	0.2	0.1	-	1.5	0.7
Total interest costs	29.4	30.2	32.9	195.6	45.7
Net interest income	204.2	190.7	173.1	711.2	182.1

6 NET COMMISSION INCOME

GROUP & PARENT COMPANY	Q3 2021	Q2 2021	Q1 2021	Jan-Dec 2020	Q3 2020
SEK MILLION					
Commission income					
Commission income from brokered insurance	3.4	4.0	3.7	11.5	4.1
Total commission income	3.4	4.0	3.7	11.5	4.1
Commission expense					
Administration costs	-	-	-	-	-
Total commission expense	-	-	-	-	-
Net commission income	3.4	4.0	3.7	11.5	4.1

7 CREDIT LOSSES, NET

GROUP	Q3 2021	Q2 2021	Q1 2021	Jan-Dec 2020	Q3 2020
SEK million					
Loans to the public					
Provisions - Stage 1	4.4	-0.1	1.9	-50.8	-2.8
Provisions - Stage 2	-6.4	0.7	-1.7	-12.0	7.4
Provisions - Stage 3	-97.5	-88.4	-79.4	-332.1	-80.8
Total provisions	-99.5	-88.0	-79.2	-394.9	-76.2
Write-offs	-4.5	-7.0	-19.0	-42.6	-5.6
Recycled financial assets	0.1	0.1	0.3	1.1	0.2
Total	-4.4	-6.9	-18.8	-41.5	-5.4
Total credit losses from loans to the public	-103.9	-94.9	-98.0	-436.4	-81.6
Loans to credit institutions					
Provisions - Stage 1	-0.4	-0.3	-0.2	-0.2	-
Provisions - Stage 2	-	-	-	-	-
Provisions - Stage 3	-	-	-	-	-
Total provisions	-0.4	-0.3	-0.2	-0.2	-
Write-offs	-	-	-	-	-
Recycled financial assets	-	-	-	-	-
Total	-	-	-	-	-
Total credit losses from loans to credit institutions	-0.4	-0.3	-0.2	-0.2	-
Total credit losses, net	-104.3	-94.6	-97.8	-436.6	-81.6

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 private lending, the definition for default is at least 90 days after maturity. Of the customers that fall due, the majority receive a significantly increased credit risk at least six months before the default.
- Macroeconomic aspects. Avida takes into account macroeconomic 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). Regard-

ing LGD, there is some uncertainty regarding the LGD level in Avida's Swedish consumer portfolio. This is in the wake of the terminated forward flow agreement described in Note 14 and in the annual report's management report section, and because Avida still has relatively short historical data on recoveries in the overdue portfolios as a result of historically selling our defaulted receivables in the consumer business. As a result of this uncertainty, management has chosen to make a post model overlay in Stage 3 to maintain a provision level that corresponds to an LGD in the 40-50% range. This constitutes the company management's best assessment of the value based on the information that is currently available. The size of the credit loss provision outside the model amounts to approximately SEK 10m in Sweden as of September 30, 2021. When Avida has sufficient and required data to be able to make a more reliable valuation of its defaulted consumer claims in Sweden, LGD levels will be updated in the model-driven credit loss provision, which means that the provisions that are outside the model will be dissolved.

8 LOANS TO THE PUBLIC

GROUP	30-09-2021	31-12-2020
SEK MILLION		
Loans to the public, gross	11,708.8	10,629.9
of which Stage 1	9,824.7	8,962.3
of which Stage 2	459.5	517.9
of which Stage 3	1,424.60	1,149.7
Total provisions	-775.40	-650.8
of which Stage 1	-115.2	-111.7
of which Stage 2	-61.3	-62.9
of which Stage 3	598.9	-476.2
Loans to the public, net	10,933.4	9,979.1

GROUP	Stage 1	Stage 2	Stage 3	Total
SEK MILLION				
Loans to the public, gross 1 January 2021	8,962.3	517.9	1,149.7	10,629.9
New, acquired and removed financial assets, net	1,345.1	18.3	-355.3	1,008.1
Movement to stage 1	97.3	-91.6	-5.7	-
Movement to stage 2	-243.5	249.9	-6.3	-
Movement to stage 3	-386.3	-238.5	624.7	-
Reassessment due to change in credit risk	-	-	-	-
Write-offs	-	-	-	-
Recycled financial assets	-	-	-	-
Exchange rate adjustments	50.1	3.4	17.3	70.8
Other	-	-	-	-
Loans to the public, gross 30 September 2021	9,825.0	459.4	1,424.4	11,708.8

GROUP	Stage 1	Stage 2	Stage 3	Total
SEK MILLION				
Provisions 1 January 2021	111.7	62.9	476.2	650.8
New, acquired and removed financial assets, net	17.6	7.7	-53.5	-28.2
Movement to stage 1	2.8	-9.8	-2.2	-9.2
Movement to stage 2	-6.8	38.0	-2.3	28.9
Movement to stage 3	-12.8	-40.0	210.4	157.6
Reassessment due to change in credit risk	2.1	2.2	-35.2	-30.9
Write-offs	-	-	-	-
Recycled financial assets	-	-	-	-
Exchange rate adjustments	0.6	0.3	5.5	6.4
Other	-	-	-	-
Provisions 30 September 2021	115.2	61.3	598.9	775.4

GROUP	Stage 1	Stage 2	Stage 3	TOTAL
SEK MILLION				
Loans to the public, gross 1 January 2020	7,451.3	655.5	519.2	8,626.0
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
Recycled financial assets	-	-	-	-
Exchange rate adjustments	-146.7	-15.4	-33.1	-195.2
Other	-	-	-	-
Loans to the public, gross 31 December 2020	8,962.3	517.9	1,149.7	10,629.9

GROUP	Stage 1	Stage 2	Stage 3	TOTAL
SEK MILLION				
Provisions 1 January 2020	63.2	52.8	157.4	273.4
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
Recycled financial assets	-	-	-	-
Exchange rate adjustments	-1.9	-1.3	-12.1	-15.3
Other	-	-	-	-
Provisions 31 December 2020	111.7	62.9	476.2	650.8

8 LOANS TO THE PUBLIC, CONT.

PARENT COMPANY	30-09-2021	31-12-2020
SEK MILLION		
Loans to the public, gross	11,705.8	10,628.6
of which Stage 1	9,822.0	8,961.0
of which Stage 2	459.4	517.9
of which Stage 3	1,424.40	1,149.7
Total provisions	-775.4	-650.8
of which Stage 1	-115.2	-111.7
of which Stage 2	-61.3	-62.9
of which Stage 3	-598.9	-476.2
Loans to the public, net	10,930.4	9,977.8

PARENT COMPANY	Stage 1	Stage 2	Stage 3	Total
SEK MILLION				
Loans to the public, gross 1 January 2021	8,960.8	518.0	1,149.8	10,628.6
New, acquired and removed financial assets, net	1,343.4	18.3	-355.3	1,006.4
Movement to stage 1	97.3	-91.6	-5.7	-
Movement to stage 2	-243.5	249.9	-6.3	-
Movement to stage 3	-386.3	-238.5	624.7	-
Reassessment due to change in credit risk	-	-	-	-
Write-offs	-	-	-	-
Recycled financial assets	-	-	-	-
Exchange rate adjustments	50.1	3.4	17.3	70.8
Other	-	-	-	-
Loans to the public, gross 30 September 2021	9,822.0	459.4	1,424.4	11,705.8

PARENT COMPANY	Stage 1	Stage 2	Stage 3	Total
SEK MILLION				
Provisions 1 January 2021	111.7	62.9	476.2	650.8
New, acquired and removed financial assets, net	17.6	7.7	-53.5	-28.2
Movement to stage 1	2.8	-9.8	-2.2	-9.2
Movement to stage 2	-6.8	38.0	-2.3	28.9
Movement to stage 3	-12.8	-40.0	210.4	157.6
Reassessment due to change in credit risk	2.1	2.2	-35.2	-30.9
Write-offs	-	-	-	-
Recycled financial assets	-	-	-	-
Exchange rate adjustments	0.6	0.3	5.5	6.4
Other	-	-	-	-
Provisions 30 September 2021	115.2	61.3	598.9	775.4

PARENT COMPANY	Stage 1	Stage 2	Stage 3	TOTAL
SEK MILLION				
Loans to the public, gross 1 January 2020	7,447.8	655.5	519.2	8,622.5
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
Recycled financial assets	-	-	-	-
Exchange rate adjustments	-146.7	-15.4	-33.1	-195.2
Other	-	-	-	-
Loans to the public, gross 31 December 2020	8,961.0	517.9	1,149.7	10,628.6

PARENT COMPANY	Stage 1	Stage 2	Stage 3	TOTAL
SEK MILLION				
Provisions 1 January 2020	63.2	52.8	157.4	273.4
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
Recycled financial assets	-	-	-	-
Exchange rate adjustments	-1.9	-1.3	-12.1	-15.3
Other	-	-	-	-
Provisions 31 December 2020	111.7	62.9	476.2	650.8

9 DEPOSITS FROM THE PUBLIC

GROUP & PARENT COMPANY	30-09-2021	31-12-2020
SEK million		
Deposits from the public		
SEK	3,915.2	4,552.7
Foreign currency	7,464.9	5,607.2
Total	11,380.0	10,159.9

10 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

30-09-2021 GROUP	Financial assets & liabilities valued at fair value through income statement	Financial assets valued at fair value through other total profit/loss	Financial assets & liabilities valued at amortised cost	TOTAL REPORTED VALUE	TOTAL FAIR VALUE
SEK million					
Financial assets					
Cash and balances with central banks	-	-	324.6	324.6	324.6
Collateralised government bonds	102.6	-	328.2	430.8	430.8
Loans to credit institutions	-	-	1,410.2	1,410.2	1,410.2
Loans to the public	-	-	10,933.4	10,933.4	10,933.4
Other assets	-	-	98.6	98.6	98.6
Total assets	102.6	-	13,095.0	13,197.6	13,197.6
Financial liabilities					
Deposits from the public	-	-	11,380.0	11,380.0	11,380.0
Subordinated debt	-	-	247.2	247.2	247.2
Derivatives	15.0	-	-	15.0	15.0
Other liabilities	-	-	112.5	112.5	112.5
Total liabilities	15.0	-	11,739.7	11,754.7	11,754.7

31-12-2020 GROUP	Financial assets & liabilities valued at fair value through income statement	Financial assets valued at fair value through other total profit/loss	Financial assets & liabilities valued at amortised cost	TOTAL REPORTED VALUE	TOTAL FAIR VALUE
SEK million					
Financial assets					
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
Total assets	97.6	-	11,711.7	11,809.3	11,809.3
Financial liabilities					
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
Total liabilities	7.5	-	10,526.1	10,533.6	10,533.6

10 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES, CONT.

30-09-2021 PARENT COMPANY	Financial assets & liabilities valued at fair value through income statement	Financial assets valued at fair value through other total profit/loss	Financial assets & liabilities valued at amortised cost	TOTAL REPORTED VALUE	TOTAL FAIR VALUE
SEK million					
Financial assets					
Cash and balances with central banks	-	-	324.6	324.6	324.6
Collateralised government bonds	102.6	-	328.2	430.8	430.8
Loans to credit institutions	-	-	1,398.4	1,398.4	1,398.4
Loans to the public	-	-	10,930.4	10,930.4	10,930.4
Other assets	-	-	117.0	117.0	117.0
Total assets	102.6	-	13,098.6	13,201.2	13,201.2
Financial liabilities					
Deposits from the public	-	-	11,380.0	11,380.0	11,380.0
Subordinated debt	-	-	247.2	247.2	247.2
Derivatives	15.0	-	-	15.0	15.0
Other liabilities	-	-	105.6	105.6	105.6
Total liabilities	15.0	-	11,732.8	11,747.8	11,474.8

31-12-2020 PARENT COMPANY	Financial assets & liabilities valued at fair value through income statement	Financial assets valued at fair value through other total profit/loss	Financial assets & liabilities valued at amortised cost	TOTAL REPORTED VALUE	TOTAL FAIR VALUE
SEK million					
Financial assets					
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
Total assets	97.6	-	11,686.9	11,784.5	11,784.5
Financial liabilities					
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
Total liabilities	7.5	-	10,506.7	10,514.2	10,514.2

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:

- Listed prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Other observable data for the asset or debt 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 (0.0).

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.

30-09-2021 GROUP & PARENT COMPANY	Level 1	Level 2	Level 3	Total
SEK MILLION				
Assets				
Collateralised government bonds	102.6	-	-	102.6
Total assets	102.6	-	-	102.6
Liabilities				
Derivatives	-	15.0	-	15.0
Total liabilities	-	15.0	-	15.0

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

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.vida.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 CONTEXT

The consolidated context 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 September 2021, the internally assessed capital requirement amounted to SEK 137.8 million (113.5) in Avida Finans AB. The internally assessed capital requirement in the Consolidated situation amounted to SEK 137.5 million (113.5). 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	Q3 2021		31-12-2020		Q3 2020	
Risk exposure amount	10,045.8		9,380.5		9,203.0	
Total own funds requirements	1,206.9	12.01%	1,162.9	12.40%	1,091.9	11.86%
Total own funds	1,617.0	16.10%	1,662.2	17.72%	1,583.8	17.21%
Own funds requirements	Q3 2021		31-12-2020		Q3 2020	
Own funds requirements (Pillar 1)	803.7	8.00%	750.5	8.00%	736.2	8.00%
Special Own funds (Pillar 2 requirement)	137.8	1.37%	165.1	1.76%	113.5	1.23%
Combined buffer requirement	265.4	2.64%	247.3	2.64%	242.2	2.63%
Pillar 2 guide	-	-	-	-	-	-
Total own funds requirements	1,206.9	12.01%	1,162.9	12.40%	1,091.9	11.86%

12 CAPITAL ADEQUACY, CONT.

AVIDA FINANS AB

SEK MILLION

Capital context	Q3 2021		31-12-2020		Q3 2020	
Common Equity Tier 1 capital after any deductions	1,173.5	11.68%	1,220.3	13.01%	1,141.6	12.40%
Additional Tier 1 capital after any deductions	196.3	1.95%	195.3	2.08%	195.0	2.12%
Tier 2 capital after any deductions	247.2	2.46%	246.6	2.63%	247.2	2.69%
Own funds	1,617.0	16.10%	1,662.2	17.72%	1,583.8	17.21%

	Q3 2021		31-12-2020		Q3 2020	
	REA	Capital requirements	REA	Capital requirements	REA	Capital requirements
Risk exposure amount (REA) and capital base requirements	10,045.8	803.7	9,380.5	750.5	9,203.0	736.2
of which: own funds requirements for credit risk	8,973.9	717.9	8,271.3	661.7	8,389.1	671.1
of which: own funds requirements for market risk	22.4	1.8	59.7	4.8	24.3	1.9
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	1,173.5	11.68%	1,220.3	13.01%	1,141.6	12.40%
Tier 1 capital / Tier 1 capital ratio	1,369.8	13.64%	1,415.6	15.09%	1,336.6	14.52%
Total own funds / Total own funds ratio	1,617.0	16.10%	1,662.2	17.72%	1,583.8	17.21%
Total equity Tier 1 capital requirements including buffer requirements	717.5	7.14%	669.4	7.14%	656.3	7.13%
of which: Capital conservation buffer	251.1	2.50%	234.5	2.50%	230.1	2.50%
of which: Counter-cyclical buffer	14.3	0.14%	12.8	0.14%	12.1	0.13%
Common equity Tier 1 capital available to use as a buffer	721.4	7.18%	798.2	8.51%	727.5	7.90%

OWN FUNDS	Q3 2021	31-12-2020	Q3 2020
Common Equity Tier 1 capital			
Capital instruments and associated share premium reserve	934.4	934.4	69.9
Other contributed capital	-	-	882.3
Retained earnings and reserves	170.5	186.1	155.8
Regulatory adjustments:			
- Intangible assets	22.9	6.6	40.1
- 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	92.5	107.4	73.7
Total Common Equity Tier 1 capital	1,173.5	1,220.3	1,141.6
Additional Tier 1 capital			
Perpetual subordinated loans	196.3	195.3	195.0
Deduction from primary and supplementary capital (half of this)	-	-	-
Total other Tier 1 capital	196.3	195.3	195.0
Tier 2 capital			
Time-bound subordinated loans	247.2	246.6	247.2
Deduction according to limitation rule	-	-	-
Total supplementary capital	247.2	246.6	247.2
Total own funds	1,617.0	1,662.2	1,583.8

AVIDA

INTERIM REPORT JANUARY-SEPTEMBER 2021

12 CAPITAL ADEQUACY, CONT.

AVIDA FINANS AB						
SEK MILLION						
Specification of risk exposure amount (REA) and capital base requirements	Q3 2021		31-12-2020		Q3 2020	
	REA	Capital requirements	REA	Capital requirements	REA	Capital requirements
Credit risk according to the standard method						
Exposures to central banks and local authorities	4.3	0.3	5.7	0.5	5.6	0.4
Institution exposures	290.1	23.2	215.3	17.2	279.7	22.4
Corporate exposures	1,845.3	147.6	1,634.3	130.7	1,734.8	138.8
Retail exposures	6,078.8	486.3	5,709.7	456.8	5,770.3	461.6
Exposures secured by immovable property	19.6	1.6	31.9	2.6	36.0	2.9
Exposures in default	679.4	54.4	599.8	48.0	511.4	40.9
Equity exposures	2.0	0.2	2.0	0.2	-	-
Other items	54.4	4.4	72.6	5.8	51.2	4.1
Total risk exposure amount and capital requirements	8,973.9	717.9	8,271.3	661.7	8,389.0	671.1
Market risk						
Foreign exchange rate risk	22.4	1.8	59.7	4.8	24.3	1.9
Total risk exposure amount and capital requirements	22.4	1.8	59.7	4.8	24.3	1.9
Operational risk						
Basic indicator approach	1,049.5	84.0	1,049.5	84.0	789.6	63.2
Total risk exposure amount and capital requirements	1,049.5	84.0	1,049.5	84.0	789.6	63.2
Total risk exposure amount and capital requirements	10,045.8	803.7	9,380.5	750.4	9,202.9	736.2
ADDITIONAL CAPITAL REQUIREMENTS PILLAR 2						
Credit concentration risk	83.3		82.2		84.0	
Interest rate risk in banking book	31.3		44.8		22.3	
Other additional capital requirements	23.2		38.1		7.2	
Total additional capital requirements Pillar 2	137.8		165.1		113.5	
LEVERAGE SOLVENCY						
Exposure measures for calculation of leverage ratio	13,199.3		12,168.8		12,595.7	
Tier 1 capital	1,369.8		1,415.6		1,336.6	
Leverage ratio, %	10.38%		11.63%		10.61%	
TOTAL OWN FUNDS REQUIREMENT (INCLUDING PILLAR 2)						
Common Equity Tier 1 capital requirements	795.0	7.91%	762.3	8.13%	720.2	7.83%
Tier 1 capital requirements	971.5	9.67%	934.0	9.96%	879.5	9.56%
Total Capital	1,206.9	12.01%	1,162.9	12.40%	1,091.9	11.86%

12 CAPITAL ADEQUACY, CONT.

AVIDA CONSOLIDATED SITUATION						
SEK million						
Capital adequacy	Q3 2021		31-12-2020		Q3 2020	
Risk exposure amount	10,078.5		9,408.4		9,224.6	
Total own funds requirements	1,210.2	12.01%	1,165.9	12.39%	1,094.2	11.86%
Total own funds	1,623.9	16.11%	1,668.6	17.74%	1,604.6	17.39%
Own funds requirements	Q3 2021		31-12-2020		Q3 2020	
Own funds requirements (Pillar 1)	806.3	8.00%	752.7	8.00%	737.9	8.00%
Special Own funds requirement (Pillar 2) *1	137.5	1.36%	165.1	1.75%	113.5	1.23%
Combined buffer requirement	266.4	2.64%	248.1	2.64%	242.8	2.63%
Pillar 2 guidance	-	-	-	-	-	-
Total own funds requirements	1,210.2	12.01%	1,165.9	12.39%	1,094.2	11.86%
Capital context	Q3 2021		31-12-2020		Q3 2020	
Common Equity Tier 1 capital after any deductions	1,180.4	11.71%	1,226.7	13.04%	1,163.1	12.61%
Additional Tier 1 capital after any deductions	196.3	1.95%	195.3	2.08%	195.0	2.11%
Tier 2 capital after any deductions	247.2	2.45%	246.6	2.62%	246.5	2.67%
Own funds	1,623.9	16.11%	1,668.6	17.74%	1,604.6	17.39%
	Q3 2021		31-12-2020		Q3 2020	
	REA	Capital requirements	REA	Capital requirements	REA	Capital requirements
Risk exposure amount (REA) and capital base requirements	10,078.5	806.3	9,408.4	752.7	9,224.6	737.9
of which: own funds requirements for credit risk	8,982.4	718.6	8,275.0	662.0	8,394.2	671.5
of which: own funds requirements for market risk	22.4	1.8	59.7	4.8	24.3	1.9
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	1,180.4	11.71%	1,226.7	13.04%	1,163.1	12.61%
Tier 1 capital / Tier 1 capital ratio	1,376.7	13.66%	1,422.0	15.11%	1,358.1	14.72%
Total own funds / Total own funds ratio	1,623.9	16.11%	1,668.6	17.74%	1,604.6	17.39%
Total equity Tier 1 capital requirements including buffer requirements	719.9	7.14%	671.5	7.14%	657.9	7.13%
of which: Capital conservation buffer	252.0	2.50%	235.2	2.50%	230.6	2.50%
of which: Counter-cyclical buffer	14.4	0.14%	12.9	0.14%	12.2	0.13%
Common equity Tier 1 capital available to use as a buffer	726.9	7.21%	803.3	8.54%	748.0	8.11%

12 CAPITAL ADEQUACY, CONT.

AVIDA CONSOLIDATED SITUATION			
SEK million			
CAPITAL ADEQUACY	Q3 2021	31-12-2020	Q3 2020
Common Equity Tier 1 capital			
Capital instruments and associated share premium reserve	13.2	12.8	930.4
Other contributed capital	923.0	923.3	-
Retained earnings and reserves	175.7	191.0	199.4
Regulatory adjustments:			
- Intangible assets	23.0	6.8	40.4
- 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	92.5	107.4	73.7
Total Common Equity Tier 1 capital	1,180.4	1,226.7	1,163.1
Additional Tier 1 capital			
Perpetual subordinated loans	196.3	195.3	195.0
Deduction from primary and supplementary capital (half of this)	-	-	-
Total other Tier 1 capital	196.3	195.3	195.0
Tier 2 capital			
Time-bound subordinated loans	247.2	246.6	246.5
Deduction according to limitation rule	-	-	-
Total supplementary capital	247.2	246.6	246.5
Total own funds	1,623.9	1,668.6	1,604.6

12 CAPITAL ADEQUACY, CONT.

AVIDA CONSOLIDATED SITUATION						
SEK million						
Specification of risk exposure amount (REA) and capital base requirements	Q3 2021		31-12-2020		Q3 2020	
	REA	Capital requirements	REA	Capital requirements	REA	Capital requirements
Credit risk according to the standard method						
Exposures to central banks and local authorities	4.3	0.3	5.7	0.5	5.6	0.4
Institution exposures	292.5	23.4	219.9	17.6	284.9	22.8
Corporate exposures	1,845.3	147.6	1,634.3	130.7	1,734.8	138.8
Retail exposures	6,080.1	486.4	5,700.2	456.0	5,757.8	460.6
Exposures secured by immovable property	19.6	1.6	31.9	2.6	36.0	2.9
Defaulted exposures	679.4	54.4	599.8	48.0	511.4	40.9
Other items	61.3	4.9	83.2	6.7	63.7	5.1
Total risk exposure amount and capital requirements	8,982.5	718.6	8,275.0	662.0	8,394.2	671.5
Market risk						
Foreign exchange rate risk	22.4	1.8	59.7	4.8	24.3	1.9
Total risk exposure amount and capital requirements	22.4	1.8	59.7	4.8	24.3	1.9
Operational risk						
Basic indicator approach	1,073.6	85.9	1,073.6	85.9	806.0	64.5
Total risk exposure amount and capital requirements	1,073.6	85.9	1,073.6	85.9	806.0	64.5
Total risk exposure amount and capital requirements	10,078.5	806.3	9,408.3	752.7	9,224.5	738.0
ADDITIONAL CAPITAL REQUIREMENTS PILLAR 2						
Credit concentration risk	83.0		82.2		84.0	
Interest rate risk in banking book	31.3		44.8		22.3	
Other additional capital requirements	23.2		38.1		7.2	
Total additional capital requirements Pillar 2	137.5		165.1		113.5	
LEVERAGE SOLVENCY						
Exposure measures for calculation of leverage ratio	13,244.2		12,106.5		12,536.8	
Tier 1 Leverage ratio	1,376.7		1,422.0		1,358.1	
Leverage ratio, %	10.39%		11.75%		10.83%	
TOTAL OWN FUNDS REQUIREMENT (INCLUDING PILLAR 2)						
Common Equity Tier 1 capital requirements	797.3	7.91%	764.4	8.12%	721.7	7.82%
Tier 1 capital requirements	974.3	9.67%	936.5	9.95%	881.4	9.55%
Total Capital	1,210.2	12.01%	1,165.9	12.39%	1,094.2	11.86%

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 (0.1) 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 0.4 (0.7) 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 0.4 (0.3) million to the subsidiary Avida Inkasso AS.

14 DISPUTE INFORMATION

The dispute regarding the terminated forward flow agreement described in previous interim reports and in the annual report for 2020 continues. During the autumn of 2021, the parties have stated their demands in a number of letters to the arbitral tribunal that will decide the dispute. The management's assessment has not changed since the turn of the year and thus Avida still has no provision attributable to the dispute.

The dispute is based, as described in previous reports, in that the other party considered itself entitled to terminate the agreement when it was considered that Avida had not acted in accordance with the agreement. If the other party succeeds in the dispute, Avida is forced to buy back assets that were transferred during the contract period. However, the company's management considers this to be unlikely, which is also supported by several expert statements. Only a small success for the counterparty will not lead to a large outflow of resources. If this were to happen, it is a valuation of the sold assets that need to be repurchased that could influence the result. If the valuation

were to be less than the price paid by the counterparty for the asset, it would have had a negative effect on the result. However, it is not possible for Avida to calculate the financial consequence since the company lacks information regarding the cash flow from the disputed portfolios since the time of sale and thus does not have insight into how large the portfolios sold are as of September 30, 2021. The lack of that information makes it impossible for Avida to be able to value the portfolio based on the discounted present value of future cash flows (amortized cost. In addition to the counterparty believing that Avida will repurchase all receivables since the agreement was entered, there is also a claim amounting to SEK 56.7 million for non-profit during the period. The hearing in the arbitral tribunal is scheduled for the first quarter of 2022.

Avida, in turn, has a significant claim for damages against the counterparty as a result of Avida claiming that the counterparty's termination of the agreement has no legal basis, which has led to sharp increases in Avida's estimated credit losses.

15 SIGNIFICANT SUBSEQUENT EVENTS AFTER THE PERIOD

On November 16, Avida announced that the Norwegian debt collection business, Avida Inkasso AS, will be transferred to the external partner Intrum. In connection with the business being transferred to Intrum, the debt collection operations conducted in Avida Inkasso AS will be discontinued and the employees will be offered equivalent employment with Intrum. This is expected to take place during the first quarter of 2022.

Definitions

ALTERNATIVE PERFORMANCE MEASURES¹⁾

RETURN ON EQUITY

Reported profit/loss divided by average adjusted equity

CALCULATION (25.9 / 1,349.3 * 100)

C/I RATIO

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

CALCULATION (74.4 / 211.9)

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

Core Primary Capital divided by the Total Risk Weighted amount of exposure

CALCULATION: (1 173.5 / 10,045.8 * 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 (652.7 / 367.9)

TIER 1 CAPITAL RATIO

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

CALCULATION (1,369.8 / 10,045.8 * 100)

PROVISION RATIO

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

CALCULATION (772.7 / 11,706.1 * 100)

RISK EXPOSURE AMOUNT

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

NET INTEREST INCOME

Total interest income minus interest expenses

CALCULATION (236,3 - 29.4)

SOLIDITY

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

CALCULATION: (1,359.8 / 13,151.4 * 100)

TOTAL CAPITAL RATIO

The own funds divided by the total risk-weighted exposure amount

CALCULATION (1,617.0 / 10,045.8 * 100)

TOTAL PRE-TAX PROFIT/LOSS

Total result 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 (33.2 / 211.9 * 100)

¹⁾ 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, 25 November 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

FINANCIAL CALENDAR 2021

24 FEBRUARY 2022

Q4 - YEAR END REPORT 2021

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