

# YEAR-END REPORT

JANUARY-DECEMBER

# 2021

AVIDA FINANS AB (PUBL)  
556230-9004

**AVIDA**

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## CEO COMMENTS

# A quarter with stable growth and reduced risk



During the fourth quarter of the year, volume increase continued, and we saw a year on year growth of 11% to a total of SEK 11,076 million compared with the same period last year. The margins remained stable, and we saw a positive impact on the net interest margin thanks to continued low financing costs. However, increased costs for the deposit guarantee and non-recurring cost items held back earnings growth and the operating profit for the last quarter of the year ended at SEK 18 million.

### INCREASED VOLUMES

The year ended with a strong quarter for Consumer Finance. Volume year on year was just under SEK 1 billion. The increase in volume was mainly driven by the Swedish business, but Finland also had a good quarter. In Norway, the quarter started strong, but the ending was negatively affected by seasonal effects in December.

It is noteworthy that close to 95% of all loans taken with Avida are refinancing loans, i.e., the customer settling loans with other creditors in order to improve their terms and reduce their monthly costs. We see this as helping to prevent the debt burden for Nordic

retail customers from further increasing.

In our Business Finance business segment, we saw continued strong activity and many new customer inquiries during the quarter. We are experiencing high activity in the recruitment of new customers and this year's fourth quarter was very strong compared to the same period last year, with an increase of 23%. Here, Finland stands out where we saw an increase of 43% compared to the fourth quarter last year. On a quarter on quarter comparison, factoring volumes decreased which was in line with expectation and normal seasonal trading pattern.

In Debt Financing, we saw a continuation of the positive trend that began earlier in the year and the team has made several large deals during the quarter. Avida has established it self to be a serious alternative for more complex financing needs often in connection with structuring deals.

Corporate loans remained at the same level in terms of volume during the quarter, and during the period we shifted out of old loans as we decreased exposure to corporate bonds and real estate exposures.

### STABLE CREDIT LOSSES

Credit losses remain at a stable level just below 4%. We have seen an increased underlying credit quality in our exposures during the year, which means that credit losses excluding one-off effects have a positive trend. We have not seen any real negative effects of the pandemic on either the consumer nor corporate side, and the expected increase in bankruptcies and unemployment in the wake of the pandemic has not materialised.

### ROBUST COST CONTROL

The costs remained stable with an increase of approximately 5% growth year on year and were at the same level as last quarter. The underlying cost development is still positive, and the year on year growth was mainly due to the legal dispute between Avida and an external supplier that managed overdue credit, so-called forward flow.

### NEW STOCKHOLM OFFICE READY FOR OCCUPANCY

At the end of the year, Avida's new Stockholm office was ready. New, modern premises that encourage and facilitate collaboration and

creative teamwork. However, the pandemic again prevented us from returning to work in the office, so we'll have to wait a little longer before we can fully enjoy the new workplace with all the employees on site.

### DISPOSAL OF THE COLLECTION OPERATIONS IN NORWAY

During the quarter, it was decided that the subsidiary of Avida engaged in debt collection activities in Norway - Avida Inkasso AS - should be sold. The relocation of the company and its employees to the collection company Intrum will be completed during the first quarter of 2022. The change was made for strategic reasons as we believe debt collection process is handled by external partner in a more efficient way.

### NEW BUSINESS SYSTEM DURING ROLL OUT

The second stage of the introduction of a new business system was completed during the quarter, when we migrated our Swedish consumer finance portfolio to the new platform Stacc. We are already seeing positive effects of the platform change in Norway that took place during the year, where the customer's application process is much smoother with

increased business for us as a result. We also increase our knowledge of our customers' behaviours and their needs as we have access to better customer data. Now the same transfer remains for the Finnish operations, a task that is planned to be completed before the end of the first quarter of 2022. After that, Avida's corporate business will also be moved to the new platform. It is our believe that, once the transition has been made in all markets, we will have more satisfied customers staying with us for longer. We will also be able to offer more relevant products and services.

### SIGNIFICANT AGREEMENTS

The legal dispute that continued in 2021 with the external partner who managed overdue credit for Avida has now come to and end, as a joint settlement was reached in the beginning of 2022. The agreement means that the parties no longer have any financial claims on each other, and the financial effect of the settlement did effect Avida's fourth quarter 2021.

### SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 1 January, Tine Wollebekk was appointed as new CEO at Avida. When she joined, Pehr Olofsson, who acted as Interim CEO during 2021, returned to his regular role as CFO.

Now that we hopefully can put the most severe phase of the pandemic behind us, we can look ahead to the future with hope. We have a well-established long-term strategy, a customised product range, a robust and modern business system and we are seeing an increased demand for financing solutions. Overall, this provides excellent conditions for our committed employees to be able to continue to deliver profitable growth.

**Stockholm 24 February 2022**

**Tine Wollebekk**  
CEO



# Key ratios

GROUP	Q4 2021	Q3 2021	Jan-Dec 2021	Jan-Dec 2020	Q4 2020
<b>SEK MILLION</b>					
Net interest income	196	207	773	724	191
Net commission income	4	3	15	12	3
Profit/loss before credit losses	124	138	487	442	106
Credit losses, net	-106	-104	-403	-437	-133
Operating profit	18	33	84	5	-27
Loans to credit institutions	1,619	1,410	1,619	1,085	1,085
Loans to the public	11,076	10,933	11,076	9,979	9,979
Deposits from the public	11,893	11,380	11,893	10,160	10,160
Equity	1,367	1,360	1,367	1,323	1,323
Solidity (%)	10.0	10.3	10.0	11.2	11.2
C/I ratio	0.38	0.35	0.38	0.39	0.45
Return on equity (%)	3.2	7.7	4.6	0.7	-7.0
Capital ratio (%)	14.7	16.2	14.7	17.8	17.8
Provision ratio (%)	7.1	7.0	7.1	6.1	6.1

PARENT COMPANY	Q4 2021	Q3 2021	Jan-Dec 2021	Jan-Dec 2020	Q4 2020
<b>SEK MILLION</b>					
Net interest income	193	204	761	711	189
Net commission income	4	3	15	12	3
Profit/loss before credit losses	124	137	484	437	104
Credit losses, net	-106	-104	-403	-436	-132
Operating profit	18	33	81	1	-28
Loans to credit institutions	1,607	1,398	1,607	1,075	1,075
Loans to the public	11,072	10,930	11,072	9,978	9,978
Deposits from the public	11,893	11,380	11,893	10,160	10,160
Equity	1,357	1,350	1,357	1,316	1,316
Solidity (%)	9.9	10.3	9.9	11.1	11.1
C/I ratio	0.37	0.35	0.38	0.39	0.46
Return on equity (%)	3.4	7.5	3.4	-0.1	-7.1
Capital ratio (%)	14.7	16.2	14.7	17.8	17.8
Provision ratio (%)	7.1	7.0	7.1	6.1	6.1

### FINANCIAL DEVELOPMENT

Loans to the public increased during the quarter by 1% to SEK 11,076 million. This was mainly driven by the volume development within Consumer Finance in all countries but primarily Norway, where lending has started to increase after the platform change to Stacc. The volume in Business Finance decreased in the quarter due to seasonality.

Net interest income decreased by 5% during the quarter. This is driven by the increased cost of the deposit guarantee.

Credit losses increased slightly to SEK 106 million. The underlying credit quality is remaining good within both Consumer Finance and Business Finance. The ongoing dispute with the external partner

who managed overdue credit, was settled after the end of year and resulted in an impairment charge of SEK 10.5 million.

Costs increased slightly in the quarter. This was primarily driven by increased legal costs and costs for IT. Consultancy costs remain low thanks to the shift from consultants to in-house staff that took place in the third quarter. Rental costs were halved during the quarter, this is because parts of the existing office were leased in connection with the move to new premises. This, together with a slightly reduced revenue, meant that the C/I ratio increased to 0.38.

We reported a profit before tax of SEK 18 million, which corresponds to a return on CET1 capital of 3.2%.



## Income statement

GROUP	Note	Q4 2021	Q3 2021	%	Jan-Dec 2021	Jan-Dec 2020	Q4 2020	%
<b>SEK million</b>								
Interest income	5	234.6	236.3	-1%	903.9	919.7	237.4	-2%
Interest expenses	5	-38.6	-29.4	31%	-131.2	-195.7	-45.9	-33%
<b>NET INTEREST INCOME</b>		<b>196.0</b>	<b>206.9</b>	<b>-5%</b>	<b>772.7</b>	<b>724.1</b>	<b>191.5</b>	<b>7%</b>
Commission income	6	4.1	3.4	18%	15.2	11.5	2.8	32%
<b>NET COMMISSION INCOME</b>		<b>4.1</b>	<b>3.4</b>	<b>18%</b>	<b>15.2</b>	<b>11.5</b>	<b>2.8</b>	<b>32%</b>
Net profit/loss of financial transactions		-0.6	1.4	-	-0.9	-8.1	-0.8	-89%
Other income		-0.1	0.2	-	0.3	0.6	-0.3	-61%
<b>TOTAL OPERATING INCOME</b>		<b>199.4</b>	<b>211.9</b>	<b>-6%</b>	<b>787.3</b>	<b>728.2</b>	<b>193.2</b>	<b>8%</b>
General administrative expenses		-69.0	-68.4	1%	-275.6	-259.3	-73.9	6%
Depreciation and impairments of tangible and intangible fixed assets		-6.3	-6.0	5%	-25.0	-27.3	-13.4	-8%
<b>TOTAL COSTS BEFORE CREDIT LOSSES</b>		<b>-75.2</b>	<b>-74.4</b>	<b>1%</b>	<b>-300.6</b>	<b>-286.6</b>	<b>-87.3</b>	<b>5%</b>
<b>PROFIT/LOSS BEFORE CREDIT LOSSES</b>		<b>124.2</b>	<b>137.5</b>	<b>-10%</b>	<b>486.6</b>	<b>441.6</b>	<b>105.8</b>	<b>10%</b>
Credit losses, net	7	-106.3	-104.3	2%	-402.9	-436.6	-132.7	-8%
<b>OPERATING PROFIT/LOSS</b>		<b>17.9</b>	<b>33.2</b>	<b>-46%</b>	<b>83.7</b>	<b>5.0</b>	<b>-26.9</b>	<b>-</b>
<b>PROFIT/LOSS BEFORE TAX</b>		<b>17.9</b>	<b>33.2</b>	<b>-46%</b>	<b>83.7</b>	<b>5.0</b>	<b>-26.9</b>	<b>-</b>
Tax on annual profit/loss		-7.0	-7.3	-4%	-21.5	-3.0	3.6	-
<b>NET PROFIT FOR THE PERIOD</b>		<b>10.9</b>	<b>25.9</b>	<b>-58%</b>	<b>62.3</b>	<b>2.0</b>	<b>-23.3</b>	<b>-</b>

## Statement of comprehensive income

GROUP	Note	Q4 2021	Q3 2021	Jan-Dec 2021	Jan-Dec 2020	Q4 2020
<b>SEK million</b>						
<b>NET PROFIT FOR THE PERIOD</b>		<b>10.9</b>	<b>25.9</b>	<b>62.3</b>	<b>2.0</b>	<b>-23.3</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		0.8	-2.1	1.0	3.6	-0.5
<b>Sum of items that may be subsequently reclassified to the income statement</b>		<b>0.8</b>	<b>-2.1</b>	<b>1.0</b>	<b>3.6</b>	<b>-0.5</b>
<b>TOTAL PROFIT/LOSS FOR THE PERIOD</b>		<b>11.7</b>	<b>22.9</b>	<b>63.3</b>	<b>5.6</b>	<b>-23.8</b>

## Income statement

PARENT COMPANY	Note	Q4 2021	Q3 2021	%	Jan-Dec 2021	Jan-Dec 2020	Q4 2020	%
<b>SEK million</b>								
Interest income	5	232.0	233.6	-1%	892.4	906.7	234.1	-2%
Interest expenses	5	-38.6	-29.4	31%	-131.1	-195.6	-45.3	-33%
<b>NET INTEREST INCOME</b>		<b>193.4</b>	<b>204.2</b>	<b>-5%</b>	<b>761.3</b>	<b>711.2</b>	<b>188.8</b>	<b>7%</b>
Commission income	6	4.1	3.4	18%	15.2	11.5	2.8	32%
<b>NET COMMISSION INCOME</b>		<b>4.1</b>	<b>3.4</b>	<b>18%</b>	<b>15.2</b>	<b>11.5</b>	<b>2.8</b>	<b>32%</b>
Net profit/loss of financial transactions		-0.6	1.4	-	-1.0	-8.2	1.6	-88%
Other income		0.7	0.2	-	0.9	1.3	0.4	-28%
<b>TOTAL OPERATING INCOME</b>		<b>197.5</b>	<b>209.2</b>	<b>-6%</b>	<b>776.4</b>	<b>715.8</b>	<b>193.6</b>	<b>8%</b>
General administrative expenses		-68.8	-68.1	1%	-274.7	-258.4	-77.7	6%
Depreciation and impairments of tangible and intangible fixed assets		-4.5	-4.3	7%	-18.0	-20.0	-11.6	-10%
<b>TOTAL COSTS BEFORE CREDIT LOSSES</b>		<b>-73.4</b>	<b>-72.4</b>	<b>1%</b>	<b>-292.8</b>	<b>-278.4</b>	<b>-89.3</b>	<b>5%</b>
<b>PROFIT/LOSS BEFORE CREDIT LOSSES</b>		<b>124.1</b>	<b>136.8</b>	<b>-9%</b>	<b>483.7</b>	<b>437.3</b>	<b>104.3</b>	<b>11%</b>
Credit losses, net	7	-106.3	-104.2	2%	-402.8	-436.2	-132.4	-8%
<b>OPERATING PROFIT/LOSS</b>		<b>17.9</b>	<b>32.5</b>	<b>-45%</b>	<b>80.9</b>	<b>1.1</b>	<b>-28.1</b>	<b>-</b>
<b>PROFIT/LOSS BEFORE TAX</b>		<b>17.9</b>	<b>32.5</b>	<b>-45%</b>	<b>80.9</b>	<b>1.1</b>	<b>-28.1</b>	<b>-</b>
Tax on annual profit/loss		-6.5	-7.3	-10%	-21.0	-2.2	4.4	-
<b>NET PROFIT FOR THE PERIOD</b>		<b>11.3</b>	<b>25.2</b>	<b>-55%</b>	<b>59.8</b>	<b>-1.1</b>	<b>-23.7</b>	<b>-</b>

## Statement of comprehensive income

PARENT COMPANY	Note	Q4 2021	Q3 2021	Jan-Dec 2021	Jan-Dec 2020	Q4 2020
<b>SEK million</b>						
<b>NET PROFIT FOR THE PERIOD</b>		<b>11.3</b>	<b>25.2</b>	<b>59.8</b>	<b>-1.1</b>	<b>-23.7</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		0.5	-1.0	0.3	3.9	0.4
<b>Sum of items that may be subsequently reclassified to the income statement</b>		<b>0.5</b>	<b>-1.0</b>	<b>0.3</b>	<b>3.9</b>	<b>0.4</b>
<b>TOTAL PROFIT/LOSS FOR THE PERIOD</b>		<b>11.8</b>	<b>24.2</b>	<b>60.1</b>	<b>2.8</b>	<b>-23.3</b>



# Statement of financial position

GROUP	Note	31/12/2021	30/09/2021	Δ SEK million	31/12/2020	Δ SEK million
<b>SEK MILLION</b>						
<b>ASSETS</b>						
Cash and balances with central banks	10	327.2	324.6	2.6	220.5	106.7
Collateralised government bonds	10,11	537.0	328.2	208.8	443.9	93.1
Loans to credit institutions	10	1,619.2	1,410.2	209.0	1,085.3	533.9
Loans to the public	8,10	11,075.5	10,933.4	142.1	9,979.1	1,096.4
Derivatives	10	-	-	-	-	-
Intangible fixed assets		31.1	32.2	-1.1	29.1	2.0
Tangible assets		5.0	6.6	-1.6	10.3	-5.3
Current tax asset		43.5	50.4	-6.9	20.4	23.1
Other assets	10	46.2	57.0	-10.8	43.8	2.3
Prepaid expenses and accrued income		8.2	8.8	-0.6	16.3	-8.1
<b>TOTAL ASSETS</b>		<b>13,692.9</b>	<b>13,151.4</b>	<b>541.4</b>	<b>11,848.7</b>	<b>1,844.1</b>
<b>LIABILITIES AND PROVISIONS</b>						
Deposits from the public	9,10	11,892.6	11,380.0	512.5	10,159.9	1,732.7
Derivatives	10	24.9	15.0	9.9	7.5	17.4
Other liabilities	10	135.3	112.5	22.9	87.5	47.8
Deferred tax		0.1	0.1	-	0.1	-
Accrued expenses and prepaid income		25.9	36.8	-10.8	24.6	1.4
Subordinated debt	10	247.3	247.2	0.1	246.6	0.7
<b>TOTAL LIABILITIES</b>		<b>12,326.1</b>	<b>11,791.6</b>	<b>534.5</b>	<b>10,526.2</b>	<b>1,800.0</b>
<b>EQUITY</b>						
Share capital		12.8	12.8	-	12.8	-
Other reserves		1.8	1.8	-	1.8	-
Other contributed capital		1,120.0	1,119.6	0.3	1,118.6	1.3
Retained earnings incl Net profit/loss		232.1	225.5	6.7	189.4	42.8
<b>TOTAL EQUITY</b>		<b>1,366.7</b>	<b>1,359.8</b>	<b>6.9</b>	<b>1,322.6</b>	<b>44.2</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>13,692.9</b>	<b>13,151.4</b>	<b>541.4</b>	<b>11,848.7</b>	<b>1,844.1</b>

# Statement of financial position

PARENT COMPANY	Note	31/12/2021	30/09/2021	Δ SEK million	31/12/2020	Δ SEK million
<b>SEK MILLION</b>						
<b>ASSETS</b>						
Cash and balances with central banks	10	327.2	324.6	2.6	220.5	106.7
Collateralised government bonds	10,11	537.0	328.2	208.8	443.9	93.1
Loans to credit institutions	10	1,607.2	1,398.4	208.8	1,075.0	532.2
Loans to the public	8,10	11,072.1	10,930.4	141.7	9,977.8	1,094.3
Derivatives		-	-	-	-	-
Shares and units in Group companies		2.0	2.0	-	2.0	-
Intangible fixed assets		30.9	32.0	-1.1	28.9	2.0
Tangible assets		1.3	1.2	0.1	1.6	-0.3
Current tax asset		43.9	51.1	-7.2	21.4	22.5
Other assets	10	46.5	57.5	-10.9	44.3	2.2
Prepaid expenses and accrued income		7.7	8.5	-0.8	14.5	-6.8
<b>TOTAL ASSETS</b>		<b>13,675.8</b>	<b>13,134.0</b>	<b>541.8</b>	<b>11,830.1</b>	<b>1,845.7</b>
<b>LIABILITIES AND PROVISIONS</b>						
Deposits from the public	9,10	11,892.6	11,380.0	512.5	10,159.9	1,732.7
Derivatives	10	24.9	15.0	9.9	7.5	17.4
Other liabilities	10	128.8	105.6	23.2	76.1	52.7
Accrued expenses and prepaid income		25.4	36.3	-10.9	24.1	1.3
Subordinated debt	10	247.3	247.2	0.1	246.6	0.7
<b>TOTAL LIABILITIES</b>		<b>12,318.9</b>	<b>11,784.1</b>	<b>534.7</b>	<b>10,514.1</b>	<b>1,804.7</b>
<b>EQUITY</b>						
Share capital		12.8	12.8	-	12.8	-
Statutory reserve		1.8	1.8	-	1.8	-
Fund for development expenditure		29.8	30.5	-0.7	25.3	4.6
Tier 1 capital		196.7	196.3	0.3	195.3	1.3
Retained earnings incl Net profit/loss		1,115.7	1,1108.4	7.4	1,080.7	35.1
<b>TOTAL EQUITY</b>		<b>1,356.9</b>	<b>1,349.8</b>	<b>7.1</b>	<b>1,315.9</b>	<b>41.0</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>13,675.8</b>	<b>13,134.0</b>	<b>541.8</b>	<b>11,830.1</b>	<b>1,845.8</b>

# Statement of changes in equity

31/12/2021 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>189.4</b>	<b>1,322.6</b>
Total profit/loss for the period	-	-	-	63.3	<b>63.3</b>
Reported in profit and loss account	-	-	-	62.3	<b>62.3</b>
Reported as other comprehensive income	-	-	-	1.0	<b>1.0</b>
Tier 1 capital, AT1	-	-	1.3	-	<b>1.3</b>
Interest and dividends on Tier 1 capital	-	-	-	-20.5	<b>20.5</b>
Transactions with shareholders					
Option program	-	-	-	-	-
New share issues	-	-	-	-	-
Transactions within the controlling influence	-	-	-	-	-
<b>Closing balance at 31/12/2021</b>	<b>12.8</b>	<b>1.8</b>	<b>1,120.0</b>	<b>232.1</b>	<b>1,366.7</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	-	-	-	5.6	<b>5.6</b>
Reported in profit and loss account	-	-	-	2.0	<b>2.0</b>
Reported as other comprehensive income	-	-	-	3.6	<b>3.6</b>
Tier 1 capital, AT1	-	-	1.3	-	<b>1.3</b>
Interest and dividends on Tier 1 capital	-	-	-	-21.0	<b>-21.0</b>
Transactions with shareholders					
Option program	-	-	-	-4.0	<b>-4.0</b>
New share issues	1.0	-	270.5	-	<b>271.5</b>
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>189.4</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 2020. 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

31/12/2021 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	-	-	-	-	60.1	<b>60.1</b>
Reported in profit and loss account	-	-	-	-	59.8	<b>59.8</b>
Reported as other comprehensive income	-	-	-	-	0.3	<b>0.3</b>
Change in fund for development expenditure	-	4.6	-	-	-4.6	-
Tier 1 capital, AT1	-	-	-	1.3	-	<b>1.3</b>
Interest and dividends on Tier 1 capital	-	-	-	-	-20.5	<b>20.5</b>
Transactions with shareholders						
Shareholder contribution	-	-	-	-	-	-
Group contribution	-	-	-	-	-	-
<b>Closing balance at 31/12/2021</b>	<b>12.8</b>	<b>29.8</b>	<b>1.8</b>	<b>196.7</b>	<b>1,115.7</b>	<b>1,356.9</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	-	-	-	-	2.8	<b>2.8</b>
Reported in profit and loss account	-	-	-	-	-1.1	<b>-1.1</b>
Reported as other comprehensive income	-	-	-	-	3.9	<b>3.9</b>
Change in fund for development expenditure	-	0.9	-	-	-0.9	-
Tier 1 capital, AT1	-	-	-	1.3	-	<b>1.3</b>
Interest and dividends on Tier 1 capital	-	-	-	-	-20.5	<b>-20.5</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	31/12/2021	31/12/2020
<b>SEK MILLION</b>		
Operating profit	83.7	5.0
<i>Adjustment for items not included in cash flow</i>		
Unrealised credit losses (Provisions)	367.9	394.3
Depreciation of tangible and intangible assets	25.0	27.3
Other non-cash items	-	-
Income tax paid	-64.9	-21.3
<b>Cashflow from operating activities before changes in operating assets and liabilities</b>	<b>411.8</b>	<b>405.3</b>
<b>Changes in operating assets and liabilities</b>		
Increase (-) /decrease (+) loans to the public	-1,464.8	-2,020.8
Increase (-) /decrease (+) other assets	19.0	-6.9
Increase (-) /decrease (+) deposits from the public	1,732.7	1,048.5
Increase (-) /decrease (+) of other liabilities	73.1	-34.2
<b>Cash flow from operating activities</b>	<b>771.7</b>	<b>-608.1</b>
<b>Investing activities</b>		
Acquisition/Sale of tangible fixed assets	-1.0	-0.5
Acquisition/Sale of intangible fixed assets	-19.9	-3.8
Acquisition/Sale of collateralised government bonds	-93.1	-194.8
<b>Cash flow from investing activities</b>	<b>-113.9</b>	<b>-199.1</b>
<b>Financing activities</b>		
Interest on Tier 1 (AT1)	-19.1	-19.6
Change in subordinated debt	0.7	-0.7
New share issues	-	271.7
Change in options program	-	-4.0
<b>Cash flow from financing activities</b>	<b>-18.5</b>	<b>247.4</b>
<b>Cash flow for the period</b>	<b>639.3</b>	<b>-559.8</b>
Liquid funds at beginning of the period	1,305.8	1,861.9
Currency translation differences	0.8	3.6
<b>Liquid funds at end of period</b>	<b>1,945.9</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	31/12/2021	31/12/2020
<b>SEK MILLION</b>		
Operating profit	80.9	1.1
<i>Adjustment for items not included in cash flow</i>		
Unrealised credit losses (Provisions)	364.4	394.4
Depreciation of tangible and intangible assets	18.0	20.0
Other non-cash items	-	-
Income tax paid	-64.2	-21.7
<b>Cashflow from operating activities before changes in operating assets and liabilities</b>	<b>399.1</b>	<b>394.8</b>
<b>Changes in operating assets and liabilities</b>		
Increase (-) /decrease (+) loans to the public	-1,459.2	-2,022.7
Increase (-) /decrease (+) other assets	18.4	-1.9
Increase (-) /decrease (+) deposits from the public	1,732.7	1,048.5
Increase (-) /decrease (+) of other liabilities	78.3	-27.7
<b>Cash flow from operating activities</b>	<b>769.3</b>	<b>-610.0</b>
<b>Investing activities</b>		
Acquisition/Sale of tangible fixed assets	-1.0	-0.5
Acquisition/Sale of intangible fixed assets	-19.9	-4.0
Acquisition/Sale of collateralised government bonds	-93.1	-194.8
<b>Cash flow from investing activities</b>	<b>-114.0</b>	<b>-199.3</b>
<b>Financing activities</b>		
Interest on Tier 1 (AT1)	-19.1	-19.6
Change in subordinated debt	0.7	-14.3
Shareholder contribution received	-	270.0
Merger effect	-	15.5
<b>Cash flow from financing activities</b>	<b>-18.5</b>	<b>251.6</b>
<b>Cash flow for the period</b>	<b>636.9</b>	<b>-557.7</b>
Liquid funds at beginning of the period	1,295.6	1,849.4
Currency translation differences	1.4	3.9
<b>Liquid funds at end of period</b>	<b>1,933.9</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 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 AND 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 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.

## MARKET AND INTEREST RATE RISK FOR LOANS AND DEPOSITS

Risks in deposits from the public	Financial measure	Change	Q4 2021	Q4 2020
Change in deposit interest rate	Profit/loss before tax	+/-1 percentage points	+/- 29.1	+/- 25.9
	Change in equity	+/-1 percentage points	+/- 22.9	+/- 20.4

Risks in loans to the public	Financial measure	Change	Q4 2021	Q4 2020
Change in lending interest rate	Profit/loss before tax	+/-1 percentage points	+/- 27.5	+/- 25.2
	Change in equity	+/-1 percentage points	+/- 21.6	+/- 19.8

Risks in loans to credit institutions	Financial measure	Change	Q4 2021	Q4 2020
Change in lending interest rate	Profit/loss before tax	+/-1 percentage points	+/- 3.8	+/- 3.0
	Change in equity	+/-1 percentage points	+/- 3.0	+/- 2.4

## EXCHANGE RATE RISK

Risks for result from foreign branches and companies	Financial measure	Change	Q4 2021	Q4 2020
Change in exchange rate SEK-NOK	Profit/loss before tax	+/-10 percentage points	+/- 2.5	+/- -0.1
	Change in equity	+/-10 percentage points	+/- 2.0	+/- -0.1
Change in exchange rate SEK-EUR	Profit/loss before tax	+/-10 percentage points	+/- 3.0	+/- -0.1
	Change in equity	+/-10 percentage points	+/- 2.4	+/- -0.1

## CREDIT RISK

Risk of change in recovery of overdue credits	Financial measure	Change	Q4 2021	Q4 2020
Changes in LGD	Profit/loss before tax	+/-5 percentage points	+/- 93.6	+/- 127.8
	Change in equity	+/-5 percentage points	+/- 73.6	+/- 100.4



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 situation, 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	31/12/2021	30/09/2021	31/12/2020
SEK MILLION			
<b>Liquidity reserve</b>			
Cash and balances with central banks	327.2	324.6	220.5
Collateralised government bonds etc.	537.0	328.2	443.9
Loans to credit institutions (available the next day)	1,619.2	1,410.2	1,085.3
<b>Total liquidity reserve</b>	<b>2,483.4</b>	<b>2,062.9</b>	<b>1,749.7</b>

PARENT COMPANY	31/12/2021	30/09/2021	31/12/2020
SEK MILLION			
<b>Liquidity reserve</b>			
Cash and balances with central banks	327.2	324.6	220.5
Collateralised government bonds etc.	537.0	328.2	443.9
Loans to credit institutions (available the next day)	1,607.2	1,398.4	1,075.0
<b>Total liquidity reserve</b>	<b>2,471.4</b>	<b>2,051.2</b>	<b>1,739.4</b>

## 4 OPERATING SEGMENTS

Management has determined the operating segments based on the information used as a basis for allocating resources and evaluating results. 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 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 Q4 2021	CONSUMER FINANCE	FACTORING	CORPORATE LOANS	TOTAL
<b>SEK million</b>				
Interest income	167.2	42.6	24.8	234.6
Interest expenses	-28.0	-6.4	-4.2	-38.6
Commission income	4.1	-	-	4.1
Net profit/loss of financial transactions	-0.9	0.5	-0.2	-0.6
Other income	0.1	-0.2	-	-0.1
<b>Total operating income</b>	<b>142.5</b>	<b>36.5</b>	<b>20.4</b>	<b>199.4</b>
General administrative expenses	-41.8	-24.1	-3.1	-69.0
Depreciation and impairments of tangible and intangible fixed assets	-5.5	-0.5	-0.2	-6.2
<b>Total cost before credit losses</b>	<b>-47.3</b>	<b>-24.6</b>	<b>-3.3</b>	<b>-75.2</b>
<b>Profit/loss before credit losses</b>	<b>95.2</b>	<b>11.9</b>	<b>17.1</b>	<b>124.2</b>
Credit losses, net	-105.5	3.8	-4.6	-106.3
<b>Profit/loss before tax</b>	<b>-10.3</b>	<b>15.7</b>	<b>12.5</b>	<b>17.9</b>
Tax	1.3	-4.5	-3.8	-7.0
<b>Net profit</b>	<b>-9.0</b>	<b>11.2</b>	<b>8.7</b>	<b>10.9</b>
Loans to the public	8,232.3	1,763.1	1,080.2	11,075.5
Net interest margin	-6.5%	-7.4%	-7.0%	-6.7%
Credit losses (%)	-5.0%	0.8%	-1.6%	-3.7%
Return on equity Tier 1	4.3%	-22.7%	-30.0%	-3.7%

SEGMENT REPORTING GROUP Q4 2020	CONSUMER FINANCE	FACTORING	CORPORATE LOANS	TOTAL
<b>SEK million</b>				
Interest income	171.9	38.1	27.3	237.3
Interest expenses	-34.6	-6.6	-4.7	-45.9
Commission income	-2.6	-	-	-2.6
Net profit/loss of financial transactions	0.6	-1.0	-0.5	-0.9
Other income	0.3	-0.2	-	0.1
<b>Total operating income</b>	<b>135.6</b>	<b>30.3</b>	<b>22.1</b>	<b>188.0</b>
General administrative expenses	-37.1	-26.4	-5.4	-68.9
Depreciation and impairments of tangible and intangible fixed assets	-12.3	-0.7	-0.4	-13.4
<b>Total cost before credit losses</b>	<b>-49.4</b>	<b>-27.1</b>	<b>-5.8</b>	<b>-82.3</b>
<b>Profit/loss before credit losses</b>	<b>86.2</b>	<b>3.2</b>	<b>16.3</b>	<b>105.7</b>
Credit losses, net	-126.4	-2.6	-3.7	-132.7
<b>Profit/loss before tax</b>	<b>-40.2</b>	<b>0.6</b>	<b>12.6</b>	<b>-27.0</b>
Tax	7.2	-0.2	-3.4	3.6
<b>Net profit</b>	<b>-33.0</b>	<b>0.4</b>	<b>9.2</b>	<b>-23.4</b>
Loans to the public	7,381.7	1,438.2	1,159.5	9,979.1
Net interest margin	-7.2%	-7.7%	-7.4%	-7.3%
Credit losses (%)	-6.6%	-0.6%	-1.2%	-5.0%
Return on equity Tier 1	16.1%	-0.6%	-29.2%	7.0%

GROUP	Sweden	Norway	Finland	Total
SEK million				
<b>Q4 2021</b>				
Total operating income	117.3	28.1	54.0	199.4
Loans to the public	8,232.3	1,763.1	1,080.2	11,075.5
<b>Q4 2020</b>				
Total operating income	115.7	17.9	59.5	193.2
Loans to the public	5,611.1	1,249.6	3,118.4	9,979.1

## 5 NET INTEREST INCOME

GROUP	Q4 2021	Q3 2021	Jan-Dec 2021	Jan-Dec 2020	Q4 2020
SEK MILLION					
<b>Interest income</b>					
Loans to the public	193.7	196.6	755.2	768.2	196.5
Factoring	39.2	35.3	136.9	135.2	34.5
Other	1.7	4.3	11.8	16.3	6.3
<b>Total interest income</b>	<b>234.6</b>	<b>236.3</b>	<b>903.9</b>	<b>919.7</b>	<b>237.4</b>
<b>Interest expenses</b>					
Borrowing and credit from the public	38.1	29.2	130.4	194.2	45.6
Other	0.5	0.2	0.8	1.5	0.3
<b>Total interest costs</b>	<b>38.6</b>	<b>29.4</b>	<b>131.2</b>	<b>195.7</b>	<b>45.9</b>
<b>Net interest income</b>	<b>196.0</b>	<b>206.9</b>	<b>772.7</b>	<b>724.1</b>	<b>191.5</b>
<b>PARENT COMPANY</b>					
SEK MILLION					
<b>Interest income</b>					
Loans to the public	191.0	194.2	743.7	755.2	193.2
Factoring	39.2	35.2	136.9	135.2	34.5
Other	1.7	4.2	11.8	16.3	6.3
<b>Total interest income</b>	<b>232.0</b>	<b>233.6</b>	<b>892.4</b>	<b>906.7</b>	<b>234.1</b>
<b>Interest expenses</b>					
Borrowing and credit from the public	38.1	29.2	130.3	194.1	45.0
Other	0.5	0.2	0.8	1.5	0.3
<b>Total interest costs</b>	<b>38.6</b>	<b>29.4</b>	<b>131.1</b>	<b>195.6</b>	<b>45.3</b>
<b>Net interest income</b>	<b>193.4</b>	<b>204.2</b>	<b>761.3</b>	<b>711.2</b>	<b>188.8</b>

## 6 NET COMMISSION INCOME

GROUP & PARENT COMPANY	Q4 2021	Q3 2021	Jan-Dec 2021	Jan-Dec 2020	Q4 2020
SEK MILLION					
<b>Commission income</b>					
Commission income from brokered insurance	4.1	3.4	15.2	11.5	2.8
<b>Total commission income</b>	<b>4.1</b>	<b>3.4</b>	<b>15.2</b>	<b>11.5</b>	<b>2.8</b>
<b>Net commission income</b>	<b>4.1</b>	<b>3.4</b>	<b>15.2</b>	<b>11.5</b>	<b>2.8</b>

## 7 CREDIT LOSSES, NET

GROUP	Q4 2021	Q3 2021	Jan-Dec 2021	Jan-Dec 2020	Q4 2020
SEK million					
<b>Loans to the public</b>					
Provisions - Stage 1	18.6	4.4	25.5	-50.8	-34.7
Provisions - Stage 2	6.2	-6.5	-1.2	-12.0	-10.5
Provisions - Stage 3	-122.7	-97.7	-388.5	-332.1	-81.2
<b>Total provisions</b>	<b>-97.9</b>	<b>-99.8</b>	<b>-364.2</b>	<b>-394.9</b>	<b>-126.4</b>
Write-offs	-33.1	-4.5	-63.6	-42.6	-6.8
Recovered financial assets	24.8	0.1	25.3	1.1	0.2
<b>Total</b>	<b>-8.3</b>	<b>-4.4</b>	<b>-38.3</b>	<b>-41.5</b>	<b>-6.5</b>
<b>Total credit losses from loans to the public</b>	<b>-106.2</b>	<b>-104.2</b>	<b>-402.5</b>	<b>-436.4</b>	<b>-132.9</b>
<b>Loans to credit institutions</b>					
Provisions - Stage 1	-0.1	-0.1	-0.4	-0.2	-0.2
Provisions - Stage 2	-	-	-	-	-
Provisions - Stage 3	-	-	-	-	-
<b>Total provisions</b>	<b>-0.1</b>	<b>-0.1</b>	<b>-0.4</b>	<b>-0.2</b>	<b>-0.2</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>-0.1</b>	<b>-0.1</b>	<b>-0.4</b>	<b>-0.2</b>	<b>-0.2</b>
<b>Total credit losses, net</b>	<b>-106.3</b>	<b>-104.3</b>	<b>-402.9</b>	<b>-436.6</b>	<b>-132.7</b>

Provisions are calculated using quantitative models, which are based on input data, assumptions and methods that largely consists of assessments from the company's management. The following parts have an impact on the level of provisions and are included as drivers in the models:

- Probability of default (PD) – The PD model is based on historical portfolio development, which is updated if necessary at least quarterly. The general definition consists of a back stop corresponding to a credit being due for more than 90 days.
- Determination of a significant increase in credit risk (SICR) – Even if an exposure is not due under the back stop rule, an assessment is made continuously as to whether the exposure has a significantly increased credit risk. The assessment of a significantly increased credit risk is based on whether its current calculated PD exceeds certain limit values compared to the PD that was calculated when the account was created (i.e when the credit was issued). In addition, the

debtor's payment pattern is added to the assessment, for example if the debtor has been late with payment during the last six months and the highest number of invoices that the debtor has been late with at the same time. Of the customers that fall due, the majority receive a significantly increased credit risk before the default.

- Macroeconomic aspects – Avida takes into account macroeconomic aspects regarding key interest rates and unemployment in the markets in which the company has its main operations. For these, an expected, worsened and improved outlook is designed, which at each reporting occasion is weighted at 80% for the expected outlook and at 10% each for the worsened and improved outlook. The macroeconomic element is updated at least annually and affects the probability of default. The latest macroeconomic outlook update provided a more favorable scenario than before, primarily driven by reduced unemployment. Unemployment decreased in the new scenario, which gave rise to a dissolution of

provisions in stage 1 and 2 driven by probability of default.

- Valuation of loss in the event of default (LGD) – LGD is calculated on the basis of a discounted cash flow from expected collected overdue receivables. The expected cash flow is based on current developments in each portfolio, historical experience and contractually determined LGD levels through, for example, forward flow. The discounted cash flow is estimated at 15 years and is updated quarterly. Where the company entered forward flow, the LGD is calculated at the time of sale and corresponds to the difference between the gross value of the transferred exposure and the price according to the agreement. At the end of the year, the company had such an agreement in Finland and then only covered exposures of less than EUR 4,000. The LGD can also be determined for specific portfolio sales and then corresponds to the difference between the original value of the exposure and the cash flow that the sales bring in. At the end of 2021, the LGD level was between 40-50 per cent in the consumer portfolio and almost 100 per cent in the corporate portfolio.

## 8 LOANS TO THE PUBLIC

GROUP	31/12/2021	31/12/2020
<b>SEK MILLION</b>		
<b>Loans to the public, gross</b>	<b>11,926.4</b>	<b>10,629.9</b>
Stage 1	9,944.8	8,962.3
Stage 2	466.5	517.9
Stage 3	1,515.1	1,149.7
<b>Total provisions</b>	<b>-850.9</b>	<b>-650.8</b>
Stage 1	-95.5	-111.7
Stage 2	-55.2	-62.9
Stage 3	-700.2	-476.2
<b>Loans to the public, net</b>	<b>11,075.5</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	1,564.7	29.4	-419.5	1,174.6
Movement to stage 1	93.8	-88.2	-5.5	-
Movement to stage 2	-247.9	254.5	-6.7	-
Movement to stage 3	-522.2	-252.3	774.5	-
Reassessment due to change in credit risk	-	-	-	-
Write-offs	-	-	-	-
Recovered financial assets	-	-	-	-
Exchange rate adjustments	94.1	5.1	22.7	121.9
Other	-	-	-	-
<b>Loans to the public, gross 31 December 2021</b>	<b>9,944.8</b>	<b>466.4</b>	<b>1,515.2</b>	<b>11,926.4</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	11.3	11.2	-91.7	-69.2
Movement to stage 1	2.0	-9.3	-2.0	-9.3
Movement to stage 2	-6.1	32.4	-2.6	23.7
Movement to stage 3	-16.0	-42.0	257.0	199.0
Reassessment due to change in credit risk	-8.8	-0.5	53.8	44.5
Write-offs	-	-	-	-
Recovered financial assets	-	-	-	-
Exchange rate adjustments	1.4	0.5	9.5	11.4
Other	-	-	-	-
<b>Provisions 31 December 2021</b>	<b>95.5</b>	<b>55.2</b>	<b>700.2</b>	<b>850.9</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	31/12/2021	31/12/2020
<b>SEK MILLION</b>		
<b>Loans to the public, gross</b>	<b>11,923.0</b>	<b>10,628.6</b>
Stage 1	9,941.4	8,961.0
Stage 2	466.4	517.9
Stage 3	1,515.2	1,149.7
<b>Total provisions</b>	<b>-850.9</b>	<b>-650.8</b>
Stage 1	-95.5	-111.7
Stage 2	-55.5	-62.9
Stage 3	-700.2	-476.2
<b>Loans to the public, net</b>	<b>11,072.1</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	1,562.6	29.4	-419.5	1,172.5
Movement to stage 1	93.8	-88.2	-5.5	-
Movement to stage 2	-247.9	254.5	-6.7	-
Movement to stage 3	-522.2	-252.3	774.5	-
Reassessment due to change in credit risk	-	-	-	-
Write-offs	-	-	-	-
Recovered financial assets	-	-	-	-
Exchange rate adjustments	94.1	5.1	22.7	121.9
Other	-	-	-	-
<b>Loans to the public, gross 31 December 2021</b>	<b>9,941.4</b>	<b>466.4</b>	<b>1,515.2</b>	<b>11,923.0</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	11.3	11.2	-91.7	-69.2
Movement to stage 1	2.0	-9.3	-2.0	-9.3
Movement to stage 2	-6.1	32.4	-2.6	23.7
Movement to stage 3	-16.0	-42.0	257.0	199.0
Reassessment due to change in credit risk	-8.8	-0.5	53.8	44.5
Write-offs	-	-	-	-
Recovered financial assets	-	-	-	-
Exchange rate adjustments	1.4	0.5	9.5	11.4
Other	-	-	-	-
<b>Provisions 31 December 2021</b>	<b>95.5</b>	<b>55.2</b>	<b>700.2</b>	<b>850.9</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	31/12/2021	31/12/2020
SEK million		
<b>Deposits from the public</b>		
SEK	4,133.6	4,552.7
Foreign currency	7,758.9	5,607.2
<b>Total</b>	<b>11,892.6</b>	<b>10,159.9</b>

## 10 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

31/12/2021 GROUP	Financial assets & liabilities valued at fair value through the profit and loss account	Financial assets valued at fair value through the statement of 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	-	-	327.2	327.2	327.2
Collateralised government bonds	156.2	-	380.7	537.0	573.0
Loans to credit institutions	-	-	1,619.2	1,619.2	1,619.2
Loans to the public	-	-	11,075.5	11,075.5	11,076.1
Other assets	-	-	97.9	97.9	97.9
<b>Total assets</b>	<b>156.2</b>	<b>-</b>	<b>13,500.6</b>	<b>13,656.8</b>	<b>13,656.8</b>
<b>Financial liabilities</b>					
Deposits from the public	-	-	11,892.6	11,892.6	11,892.6
Subordinated debt	-	-	247.3	247.3	247.3
Derivatives	24.9	-	-	24.9	24.9
Other liabilities	-	-	135.3	135.3	135.3
<b>Total liabilities</b>	<b>24.9</b>	<b>-</b>	<b>12,275.2</b>	<b>12,300.1</b>	<b>12,300.1</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 the statement of 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.

31/12/2021 PARENT COMPANY	Financial assets & liabilities valued at fair value through the profit and loss account	Financial assets valued at fair value through the statement of 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	-	-	327.2	327.2	327.2
Collateralised government bonds	156.2	-	380.7	537.0	573.0
Loans to credit institutions	-	-	1,607.2	1,607.2	1,606.7
Loans to the public	-	-	11,072.1	11,072.1	11,072.6
Other assets	-	-	98.1	98.1	98.1
<b>Total assets</b>	<b>156.2</b>	<b>-</b>	<b>13,485.3</b>	<b>13,641.6</b>	<b>13,641.6</b>
<b>Financial liabilities</b>					
Deposits from the public	-	-	11,892.6	11,892.6	11,892.6
Subordinated debt	-	-	247.3	247.3	247.3
Derivatives	24.9	-	-	24.9	24.9
Other liabilities	-	-	128.8	128.8	128.8
<b>Total liabilities</b>	<b>24.9</b>	<b>-</b>	<b>12,268.6</b>	<b>12,293.5</b>	<b>12,293.5</b>

31/12/2020 PARENT COMPANY	Financial assets & liabilities valued at fair value through the profit and loss account	Financial assets valued at fair value through the statement of 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 51.3 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 transfers were 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.

31/12/2021 GROUP & PARENT COMPANY	Level 1	Level 2	Level 3	Total
<b>SEK MILLION</b>				
<b>Assets</b>				
Collateralised government bonds	156.2	-	-	156.2
<b>Total assets</b>	<b>156.2</b>	<b>-</b>	<b>-</b>	<b>156.2</b>
<b>Liabilities</b>				
Derivatives	-	24.9	-	24.9
<b>Total liabilities</b>	<b>-</b>	<b>24.9</b>	<b>-</b>	<b>24.9</b>

31/12/2020 GROUP & PARENT COMPANY	Level 1	Level 2	Level 3	Total
<b>SEK MILLION</b>				
<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 situation is published.

### INTERNALLY ASSESSED CAPITAL REQUIREMENTS

As of 31 December 2021, the internally assessed capital requirement amounted to SEK 138.8 million (165.1) for Avida Finans AB. The internally assessed capital requirement in the Consolidated situation amounted to SEK 138.5 million (165.1). 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	Q4 2021		31/12/2020		Q3 2021	
Risk exposure amount	10,875.7		9,380.5		9,991.0	
Total own funds requirements	1,294.0	11.90%	1,162.9	12.40%	1,200.7	12.02%
<b>Total own funds</b>	<b>1,603.6</b>	<b>14.74%</b>	<b>1,662.2</b>	<b>17.72%</b>	<b>1,617.0</b>	<b>16.18%</b>
Own funds requirements	Q4 2021		31/12/2020		Q3 2021	
Own funds requirements (Pillar 1)	870.0	8.00%	750.5	8.00%	799.3	8.00%
Special Own funds (Pillar 2 requirement)	138.3	1.27%	165.1	1.76%	137.3	1.37%
Combined buffer requirement	285.7	2.63%	247.3	2.64%	264.1	2.64%
Pillar 2 guide	-	-	-	-	-	-
<b>Total own funds requirements</b>	<b>1,294.0</b>	<b>11.90%</b>	<b>1,162.9</b>	<b>12.40%</b>	<b>1,200.7</b>	<b>12.02%</b>

## 12 CAPITAL ADEQUACY, CONT.

## AVIDA FINANS AB

SEK MILLION

Capital context	Q4 2021		31/12/2020		Q3 2021	
Common Equity Tier 1 capital after any deductions	1,159.7	10.66%	1,220.3	13.01%	1,173.5	11.75%
Additional Tier 1 capital after any deductions	196.7	1.81%	195.3	2.08%	196.3	1.96%
Tier 2 capital after any deductions	247.2	2.27%	246.6	2.63%	247.2	2.47%
<b>Own funds</b>	<b>1,603.6</b>	<b>14.74%</b>	<b>1,662.2</b>	<b>17.72%</b>	<b>1,617.0</b>	<b>16.18%</b>

	Q4 2021		31/12/2020		Q3 2021	
	REA	Capital requirements	REA	Capital requirements	REA	Capital requirements
Risk exposure amount (REA) and capital base requirements	10,875.7	870.0	9,380.5	750.5	9,991.0	799.3
of which: own funds requirements for credit risk	9,586.5	766.9	8,271.3	661.7	8,919.1	713.5
of which: own funds requirements for market risk	9.9	0.8	59.7	4.8	22.4	1.8
of which: own funds requirements for operational risk	1,279.2	102.3	1,049.5	84.0	1,049.5	84.0
Transitional adjustment	-	-	-	-	-	-
Common equity Tier 1 capital / Common equity Tier 1 capital ratio	1,159.7	10.66%	1,220.3	13.01%	1,173.5	11.75%
Tier 1 capital / Tier 1 capital ratio	1,356.4	12.47%	1,415.6	15.09%	1,369.8	13.71%
Total own funds / Total capital ratio	1,603.6	14.74%	1,662.2	17.72%	1,617.0	16.18%
Total equity Tier 1 capital requirements including buffer requirements	775.1	7.13%	669.4	7.14%	713.7	7.14%
of which: Capital conservation buffer	271.9	2.50%	234.5	2.50%	249.8	2.50%
of which: Counter-cyclical buffer	13.8	0.13%	12.8	0.14%	14.3	0.14%
Common equity Tier 1 capital available to use as a buffer	670.3	6.16%	798.2	8.51%	723.9	7.25%

OWN FUNDS	Q4 2021		31/12/2020		Q3 2021	
<b>Common Equity Tier 1 capital</b>						
Capital instruments and associated share premium reserve	934.4		934.4		934.4	
Other contributed capital	-		-		882.3	
Retained earnings and reserves	165.8		186.1		-711.8	
Regulatory adjustments:						
- Intangible assets	8.6		6.6		22.9	
- Net profit due to capitalisation of future income	-		-		-	
- Adjustments relating to unrealised gains	-		-		-	
- Deferred tax assets	0.7		1.0		-	
- Other	-		-		-	
Reversal transitional rules to IFRS 9	68.8		107.4		92.5	
<b>Total Common Equity Tier 1 capital</b>	<b>1,159.7</b>		<b>1,220.3</b>		<b>1,174.5</b>	
<b>Additional Tier 1 capital</b>						
Perpetual subordinated loans	196.7		195.3		196.3	
Deduction from primary and supplementary capital (half of this)	-		-		-	
<b>Total other Tier 1 capital</b>	<b>196.7</b>		<b>195.3</b>		<b>196.3</b>	
<b>Tier 2 capital</b>						
Time-bound subordinated loans	247.2		246.6		247.2	
Deduction according to limitation rule	-		-		-	
<b>Total supplementary capital</b>	<b>247.2</b>		<b>246.6</b>		<b>247.2</b>	
<b>Total own funds</b>	<b>1,603.6</b>		<b>1,662.2</b>		<b>1,618.0</b>	

## 12 CAPITAL ADEQUACY, CONT.

AVIDA FINANS AB						
SEK MILLION						
Specification of risk exposure amount (REA) and capital base requirements	Q4 2021		31/12/2020		Q3 2021	
	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	3.8	0.3	5.7	0.5	4.3	0.3
Institution exposures	334.2	26.7	215.3	17.2	290.1	23.2
Corporate exposures	1,958.6	156.7	1,634.3	130.7	1,735.7	138.9
Retail exposures	6,484.8	518.8	5,709.7	456.8	6,078.9	486.3
Exposures secured by immovable property	0.3	-	31.9	2.6	74.4	6.0
Exposures in default	748.1	59.8	599.8	48.0	679.4	54.4
Equity exposures	2.0	0.2	2.0	0.2	-	-
Other items	54.8	4.4	72.6	5.8	22.4	1.8
<b>Total risk exposure amount and capital requirements</b>	<b>9,586.6</b>	<b>766.9</b>	<b>8,271.3</b>	<b>661.7</b>	<b>8,885.2</b>	<b>710.8</b>
<b>Market risk</b>						
Foreign exchange rate risk	9.9	0.8	59.7	4.8	22.4	1.8
<b>Total risk exposure amount and capital requirements</b>	<b>9.9</b>	<b>0.8</b>	<b>59.7</b>	<b>4.8</b>	<b>22.4</b>	<b>1.8</b>
<b>Operational risk</b>						
Basic indicator approach	1,279.2	102.3	1,049.5	84.0	1,049.5	84.0
Total risk exposure amount and capital requirements	1,279.2	102.3	1,049.5	84.0	1,049.5	84.0
<b>Total risk exposure amount and capital requirements</b>	<b>10,875.7</b>	<b>870.1</b>	<b>9,380.5</b>	<b>750.4</b>	<b>9,991.1</b>	<b>799.3</b>
<b>ADDITIONAL CAPITAL REQUIREMENTS PILLAR 2</b>						
Credit concentration risk	97.0		82.2		82.8	
Interest rate risk in banking book	36.5		44.8		31.3	
Other additional capital requirements	4.8		38.1		23.2	
<b>Total additional capital requirements Pillar 2</b>	<b>138.3</b>		<b>165.1</b>		<b>137.3</b>	
<b>LEVERAGE RATIO</b>						
Exposure measures for calculation of leverage ratio	14,130.2		12,168.8		13,199.3	
Tier 1 capital	1,356.4		1,415.6		1,369.8	
<b>Leverage ratio, %</b>	<b>9.60%</b>		<b>11.63%</b>		<b>10.38%</b>	
<b>TOTAL OWN FUNDS REQUIREMENT (INCLUDING PILLAR 2)</b>						
Common Equity Tier 1 capital requirements	852.9	7.84%	762.3	8.13%	790.9	7.92%
Tier 1 capital requirements	1,041.9	9.58%	934.0	9.96%	966.6	9.67%
<b>Total Capital</b>	<b>1,294.0</b>	<b>11.90%</b>	<b>1,162.9</b>	<b>12.40%</b>	<b>1,200.7</b>	<b>12.02%</b>

## 12 CAPITAL ADEQUACY, CONT.

AVIDA CONSOLIDATED SITUATION						
SEK million						
Capital adequacy	Q4 2021		31/12/2020		Q3 2021	
Risk exposure amount	10,903.3		9,408.4		10,023.7	
Total own funds requirements	1,297.3	11.90%	1,165.9	12.39%	1,210.0	12.07%
<b>Total own funds</b>	<b>1,610.9</b>	<b>14.77%</b>	<b>1,668.6</b>	<b>17.74%</b>	<b>1,623.9</b>	<b>16.20%</b>
Own funds requirements	Q4 2021		31/12/2020		Q3 2021	
Own funds requirements (Pillar 1)	872.3	8.00%	752.7	8.00%	801.9	8.00%
Special Own funds requirement (Pillar 2) *1	138.5	1.27%	165.1	1.75%	143.1	1.43%
Combined buffer requirement	286.5	2.63%	248.1	2.64%	265.0	2.64%
Pillar 2 guide*2	-	-	-	-	-	-
<b>Total own funds requirements</b>	<b>1,297.3</b>	<b>11.90%</b>	<b>1,165.9</b>	<b>12.39%</b>	<b>1,321.0</b>	<b>12.07%</b>
Capital context	Q4 2021		31/12/2020		Q3 2021	
Common Equity Tier 1 capital after any deductions	1,167.0	10.70%	1,226.7	13.04%	1,180.4	11.78%
Additional Tier 1 capital after any deductions	196.7	1.80%	195.3	2.08%	196.3	1.96%
Tier 2 capital after any deductions	247.2	2.27%	246.6	2.62%	247.2	2.47%
<b>Own funds</b>	<b>1,610.9</b>	<b>14.77%</b>	<b>1,668.6</b>	<b>17.74%</b>	<b>1,623.9</b>	<b>16.20%</b>
	Q4 2021		31/12/2020		Q3 2021	
	REA	Capital requirements	REA	Capital requirements	REA	Capital requirements
Risk exposure amount (REA) and capital base requirements	10,903.3	872.3	9,408.4	752.7	10,023.7	801.9
of which: own funds requirements for credit risk	9,592.5	767.4	8,275.0	662.0	8,927.7	714.2
of which: own funds requirements for market risk	9.9	0.8	59.7	4.8	22.4	1.8
of which: own funds requirements for operational risk	1,300.9	104.1	1,073.6	85.9	1,073.6	85.9
Transitional adjustment	-	-	-	-	-	-
Common equity Tier 1 capital / Common equity Tier 1 capital ratio	1,167.0	10.70%	1,226.7	13.04%	1,180.4	11.78%
Tier 1 capital / Tier 1 capital ratio	1,363.7	12.51%	1,422.0	15.11%	1,376.7	13.73%
Total own funds / Total capital ratio	1,610.9	14.77%	1,668.6	17.74%	1,623.9	16.20%
Total equity Tier 1 capital requirements including buffer requirements	777.1	7.13%	671.5	7.14%	716.1	7.14%
of which: Capital conservation buffer	272.6	2.50%	235.2	2.50%	250.6	2.50%
of which: Counter-cyclical buffer	13.9	0.13%	12.9	0.14%	14.4	0.14%
Common equity Tier 1 capital available to use as a buffer	676.4	6.20%	803.3	8.54%	729.3	7.28%

## 12 CAPITAL ADEQUACY, CONT.

AVIDA CONSOLIDATED SITUATION			
SEK million			
CAPITAL ADEQUACY	Q4 2021	31/12/2020	Q3 2021
<b>Common Equity Tier 1 capital</b>			
Capital instruments and associated share premium reserve	936.3	12.8	936.2
Other contributed capital	-	923.3	-
Retained earnings and reserves	171.4	191.0	175.7
Regulatory adjustments:			
- Intangible assets	8.8	6.8	23.0
- Net profit due to capitalisation of future income	-	-	-
- Adjustments relating to unrealised gains	-	-	-
- Deferred tax assets	0.7	1.0	-
- Other	-	-	-
Reversal transitional rules to IFRS 9	68.8	107.4	92.5
<b>Total Common Equity Tier 1 capital</b>	<b>1,167.0</b>	<b>1,226.7</b>	<b>1,181.4</b>
<b>Additional Tier 1 capital</b>			
Perpetual subordinated loans	196.7	195.3	195.0
Deduction from primary and supplementary capital (half of this)	-	-	-
<b>Total other Tier 1 capital</b>	<b>196.7</b>	<b>195.3</b>	<b>195.0</b>
<b>Tier 2 capital</b>			
Time-bound subordinated loans	247.2	246.6	246.5
Deduction according to limitation rule	-	-	-
<b>Total supplementary capital</b>	<b>247.2</b>	<b>246.6</b>	<b>246.5</b>
<b>Total own funds</b>	<b>1,610.9</b>	<b>1,668.6</b>	<b>1,604.6</b>



## 12 CAPITAL ADEQUACY, CONT.

AVIDA CONSOLIDATED SITUATION						
SEK million						
	Q4 2021		31/12/2020		Q3 2021	
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	3.8	0,3	5.7	0.5	4.13	0.3
Institution exposures	336.6	26,9	219.9	17.6	292.5	23.4
Corporate exposures	1,958.6	156,7	1,634.3	130.7	1,735.7	138.9
Retail exposures	6,486.3	518,9	5,700.2	456.0	6,080.1	486.4
Exposures secured by immovable property	0.3	0,0	31.9	2.6	74.4	6.0
Defaulted exposures	748.1	59,8	599.8	48.0	679.4	54.4
Other items	59.0	4,7	83.2	6.7	61.3	4.9
<b>Total risk exposure amount and capital requirements</b>	<b>9,592.7</b>	<b>767,4</b>	<b>8,275.0</b>	<b>662.0</b>	<b>8,927.7</b>	<b>714.2</b>
<b>Market risk</b>						
Foreign exchange rate risk	9.9	0,8	59.7	4.8	22.4	1.8
<b>Total risk exposure amount and capital requirements</b>	<b>9.9</b>	<b>0,8</b>	<b>59.7</b>	<b>4.8</b>	<b>22.4</b>	<b>1.8</b>
<b>Operational risk</b>						
Basic indicator approach	1,300.9	104,1	1,073.6	85.9	1,073.6	85.9
<b>Total risk exposure amount and capital requirements</b>	<b>1,300.9</b>	<b>104,1</b>	<b>1,073.6</b>	<b>85.9</b>	<b>1,073.6</b>	<b>65.9</b>
<b>Total risk exposure amount and capital requirements</b>	<b>10,903.5</b>	<b>872,3</b>	<b>9,408.3</b>	<b>752.7</b>	<b>10,023.7</b>	<b>801.9</b>
<b>ADDITIONAL CAPITAL REQUIREMENTS PILLAR 2</b>						
Credit concentration risk	97.2		82.2		88.6	
Interest rate risk in banking book	36.5		44.8		31.3	
Other additional capital requirements	4.8		38.1		23.2	
<b>Total additional capital requirements Pillar 2</b>	<b>138.5</b>		<b>165.1</b>		<b>143.1</b>	
<b>LEVERAGE RATIO</b>						
Exposure measures for calculation of leverage ratio	14,172.9		12,106.5		13,244.2	
Tier 1 Leverage ratio	1,363.7		1,422.0		1,363.7	
<b>Leverage ratio, %</b>	<b>9.62%</b>		<b>11.75%</b>		<b>10.30%</b>	
<b>TOTAL OWN FUNDS REQUIREMENT (INCLUDING PILLAR 2)</b>						
Common Equity Tier 1 capital requirements	855.1	7.84%	764.4	8.12%	796.6	7.95%
Tier 1 capital requirements	1,044.6	9.58%	936.5	9.95%	973.8	9.71%
<b>Total Capital</b>	<b>1,297.3</b>	<b>11.90%</b>	<b>1,165.9</b>	<b>12.39%</b>	<b>1,210.0</b>	<b>12.07%</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 0.8 (0.8) 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 1.1 (1.0) 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 0.3 (0.6) 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, reached a settlement on 11 January 2022. The agreement meant that all financial dealings between the parties were settled. This further means that the dispute does not go to arbitration and the parties waive their respective claims for compensation. The financial settlement entailed a cost of SEK 10 million for Avida, which was reported under credit losses in December 2021.

## 15 SIGNIFICANT SUBSEQUENT EVENTS AFTER THE PERIOD

On January 1 2022, Tine Wollebekk was appointed as new CEO at Avida. In connection with this, Pehr Olofsson resumed his role as CFO.

On January 11 2022, the parties reached a settlement of the dispute regarding the terminated forward flow agreement. For more information, see Note 14.

# Definitions

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

### RETURN ON EQUITY

Reported profit/loss divided by average adjusted equity

CALCULATION (10.9 / 1,363.3 \* 100)

### C/I RATIO

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

CALCULATION (75.2 / 199.4)

### OWN FUNDS

The sum of Tier 1 capital and supplementary capital minus deductions under the Capital Adequacy Regulation (EU) No 575/2013 Article 36

### COMMON EQUITY TIER 1 CAPITAL RATIO

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

CALCULATION: ( / \* 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 ( / )

### TIER 1 CAPITAL RATIO

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

CALCULATION ( / \* 100)

### PROVISION RATIO

Reserve made at the end of the period for future credit losses in relation to loans to the public (gross) at the end of the period

CALCULATION (848.1 / 11,924.2 \* 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 (234.6 – 38.6)

### SOLIDITY

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

CALCULATION: (1,366.7 / 13,692.9 \* 100)

### TOTAL CAPITAL RATIO

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

CALCULATION ( / \* 100)

### TOTAL PRE-TAX PROFIT/LOSS

Total comprehensive income including components that have been or may be subsequently reclassified to the income statement

### PROFIT MARGIN

Profit before allocations and tax divided by operating income

CALCULATION (17.9 / 199.4 \* 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, 24 February 2022**

Varun Khanna, Chairman of the Board

Tine Wollebekk, CEO

Daniel Knottenbelt, Member

Celina Midelfart, Member

Geir Olsen, Member

Vaibhav Piplapure, Member

Teresa Robson-Capps, 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

24 FEBRUARY 2022

Q4 - YEAR END REPORT 2021

AVIDA FINANS AB (PUBL)  
CORP. ID NO. : 556230-9004  
AVIDA.SE

POSTAL ADDRESS  
AVIDA FINANS AB  
PO BOX 38101  
100 64 STOCKHOLM, SWEDEN

## CONTACT INFORMATION

TINE WOLLEBEKK, CEO  
[TINE.WOLLEBEKK@AVIDA.SE](mailto:TINE.WOLLEBEKK@AVIDA.SE)  
+46 72 070 53 90

MICHAEL GROSCHE, IR  
[MICHAEL.GROSCHE@AVIDA.SE](mailto:MICHAEL.GROSCHE@AVIDA.SE)  
+46 70 307 29 36

**AVIDA**

Sodermalmsallén 36  
118 28 STOCKHOLM,  
SWEDEN  
[avidafinance.com](http://avidafinance.com)  
[info@avida.se](mailto:info@avida.se)