ANNUAL REPORT **2023**

ANNUAL REPORT
FOR AVIDA FINANS AB
(PUBL) 556230-9004

AVIDA

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STATEMENT BY THE CEO

LONG TERM PROFITABILITY AND INVESTMENTS BEFORE GROWTH

2023 was a year in which geopolitics contributed to unrest in our surrounding world creating challenging macroeconomic consequences. The Avida markets have experienced steep increases in interest rates, higher inflation and cost increases for individuals and businesses that have led to increased bankruptcies and rising unemployment. Considering this, Avida has prioritized strengthening the company through restrained lending to private individuals and managing the increasing credit losses that come in the wake of a tougher economic everyday life.

During the year, our total loan volume decreased compared to the previous year. At the same time, we have increased net interest and operating income during the period, but with increased costs and credit losses, it resulted in a profit before tax of SEK 18.8 million for 2023.

RESETTING OUR BUSINESS.

During 2023, we changed our strategy for Business Finance by increasing the focus on factoring services with corporate loans as a complementary product. This change has already started to show results as both factoring volumes and margins have increased during 2023.

Early on in 2023 we decided to reduce new lending in Consumer Finance to a minimum while making substantial investments in the business for the future. Deliveries of new product functionality, renewed and improved risk model framework and data driven analytics will be rolled out during 2024. These developments and investments are central to build the foundation to lowering credit losses and obtain sustainable profitable growth.

During the fourth quarter, Avida issued a new Tier 2 bond for SEK 250 million and repaid the existing Tier 2 bonds.

INVESTMENTS IN TECHNICAL CAPABILITIES AND KEY EMPLOYEES.

In 2023, our investments in the future focused both on a technical platform change for Business Finance to provide next-generation solutions for efficient working capital management for our business segment, and the creation of a completely new technical system to support our collaboration with the loyalty partnership started by Norwegian Air Shuttle and Strawberry Group. The partnership will give Avida exclusive right to offer financial services to their over 5 million members and since the Fall of 2023, Avida has had full focus on building processes and systems to be able to deliver financial services in to the loyalty partnership's members. With a new channel and new financial services that complement and enhance our existing Consumer Finance business, we have a unique opportunity to profitably grow that part of our business going forward.

Parallel to that, we have invested in new employees in key positions in Avida as well as substantial investments in systems and processes to be able to offer more customer-centric services and products.

ENGAGED EMPLOYEES ARE OUR KEY TO SUCCESS.

Our employees are key to our future success. We want to give all employees the best possible conditions to achieve their personal and the company's goals through true employee engagement. It refers to how individuals in our organization contribute to striving towards the common vision and reach common goals together, through individual responsibility, initiative, and cooperation skills. We want to be a workplace where employees perform, thrive, and stay on.

Avida is in the middle of the important reset for sustainable profitable growth, and we still have challenges to overcome, but I am convinced that we have the prerequisites, the competence and the commitment required to be able to deliver on our ambitious plans and reach our desired position as market leader in our industry.

Stockholm April 29, 2024

Tine Wollebekk
CEO

FIVE-YEAR REVIEW

INCOME STATEMENT

SEK million	2023	2022	2021	2020	2019
Net interest income	863.5	831.7	761.3	711.1	535.5
Total operating income	901.9	861.4	776.4	715.7	554.6
Total operating expenses	-370.0	-344.5	-292.8	-278.4	-247.5
Credit losses, net	-513.1	-431.7	-402.8	-436.2	-179.1
Profit/loss before tax	18.8	85.2	80.9	1.1	128.0
Net profit or loss for the period	14.1	63.3	59.8	-1.1	97.1

BALANCE SHEET

SEK million	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019
Loans to the public	10,515.9	12,373.4	11,073.2	9,977.8	8,349.1
Deposits from the public	10,930.3	13,928.0	11,892.6	10,159.9	9,111.4
Equity	1,586.9	1,399.9	1,356.9	1,315.9	1,044.5
Total assets	12,956.4	15,710.8	13,675.8	11,830.0	10,554.9

KEY RATIOS

SEK million	2023	2022	2021	2020	2019
Net interest margin (%)	7.55%	7.09%	7.23%	7.76%	7.77%
C/I ratio	0.41	0.40	0.38	0.39	0.45
Return on equity (%)	0.95%	4.59%	4.48%	-0.09%	11.19%
Return on assets (%)	0.11%	0.40%	0.44%	-0.01%	0.92%
CET1 ratio (%)	13.14%	10.72%	10.66%	13.01%	11.14%
Loss ratio (%)	4.48%	3.68%	3.83%	4.76%	2.60%
Average number of full time employees	146	135	127	117	109

For more information on key ratios, see Definitions.

MANAGEMENT REPORT

The Board of Directors and CEO of Avida Finans AB (publ), Corp ID no. 556230-9004, hereby submit the annual report for the financial year 1 January 2023 - 31 December 2023.

Amounts stated in the text below are in SEK million unless otherwise stated. Comparative figures in parenthesis refer to the same period prior year.

ABOUT THE BUSINESS

Avida Finans AB (publ), Corp ID no. 556230-9004, based in Stockholm, is a registered credit market company. Avida operates in Sweden and via branches in Norway and Finland: Avida Finans AB NUF, org. no. 990 728 448 and Avida Finans AB, branch in Finland, org. no. 2541768-9. Avida is a credit market institution regulated under the Swedish Financial Supervisory Authority. The company has since its inception in 1983 offered financial solutions and services to private individuals and corporates in Sweden, Norway and Finland. Avida's business concept is to be the complementary first choice for individuals and corporates looking for loans and financing for their large or small challenges in everyday life.

The operations consist of financing services to corporates and lending to consumers as well as deposits from the public. The Consumer Finance business area comprises unsecured lending to and deposits from private individuals. A personal loan is usually used to finance larger purchases, or refinance more expensive loans with other lenders. Avida also offers deposits to private individuals with good terms. The deposits are covered by the Swedish state deposit guarantee and are offered in Sweden, Norway and Germany. The German deposits are provided by the deposit platform forms Raisin and Deposit Solutions; the deposits are covered by the Swedish state deposit guarantee

The Business Finance business area offers corporate loans such as factoring, invoice lending and loans.

In addition to operations in the Swedish market, Avida Finans AB has branches in Norway and Finland. The branch in Norway, Avida Finans AB NUF, corporate identity number: 990 728 488, provides financial services to private individuals and companies in the Norwegian market. Savings and loan products are offered to private individuals. Corporate customers are offered financing solutions such as secured and unsecured loans, as well as factoring and invoice lending.

The branch in Finland, Avida Finans AB (publ), with corporate identity number 2541768-9, provides financial services to private individuals and companies in the Finnish market. A loan product is offered to private individuals. Corporate customers are offered financing solutions such as secured and unsecured loans, as well as factoring and invoice lending.

PROFITABILITY BEFORE GROWTH

Geopolitical events in the world around us in 2023 resulted in challenging macroeconomic consequences. In the wake of this, Avida has experienced sharply rising market interest rates, higher inflation and cost increases for both individuals and companies, which has led to increased bankruptcies and rising unemployment. Avida has therefore chosen to prioritize strengthening the company through prudent lending to private individuals and to manage the increasing credit losses that come as a consequence of a tougher economic day. In 2023, the company has therefore deliberately reduced growth in Consumer Finance to ensure a good balance between risk and return. Loaned volume was thus reduced during the year as a result of this deliberate caution.

Avida's factoring first strategy, which was implemented in the first half of 2023, showed positive results for Avida's Business Finance business with low credit losses and good profitability. The company expects a similar change in the Consumer Finance business as it returns to a growth agenda and is able to grow its loan portfolio again. This change will take place gradually during 2024 in connection with the delivery of new product functionality and an improved risk framework.

BUSINESS AREA CORPORATE - BUSINESS FINANCE

In the corporate segment, Avida has made strategic adjustments during the year to focus on factoring services with corporate loans as a support product, a strategy the company calls factoring-first. As a result, Avida has actively worked to reduce loan exposures related to acquisition credits, so-called LBO financing.

The work that was done in 2022 and continued in 2023 to reduce the risk in the factoring portfolio has yielded positive results and credit losses have decreased. In the current uncertain macroeconomy, Avida's strategy of being restrictive and selective in certain industries has been favourable and a strategy that will continue to be applied.

The work on price adjustments, which was carried out primarily in factoring, during the year had a positive effect on interest income and contributed to the improved result in the previous year.

During the year, Avida continued to take new steps in digitalization, especially in the factoring process and a factoring system replacement. The work on changing the factoring system will continue in 2024 and this will further improve the product and create economies of scale.

Business Finance has a clear focus on building long-term relationships with corporate customers and the view of the financing offering in working capital is that it is relevant in the SME market in the Nordic region, and Avida is well positioned for growth. The company continues to have a clear focus on profitable growth in the segment.

BUSINESS AREA CONSUMER - CONSUMER FINANCE

In the private segment, the focus continues to be on helping customers who want to consolidate their loans to lower their borrowing costs. Demand continues to be strong, but due to the uncertain macroeconomic environment, Avida has chosen to be conservative in its lending, which is reflected in lower sales in all markets compared to the previous year.

To ensure sound new lending despite the prevailing market, Avida has implemented enhanced controls in connection with the disbursement of new loans. This is done by using Open Banking/PSD2 to collect the customer's transaction data and verify the customer's bank account. In this way, risk behaviours can be identified such as gambling addiction and fraud attempts can be detected. As Avida has chosen to be cautious in recruiting new customers, the importance of retaining existing customers has increased. A prerequisite for doing this is to offer a customer experience that meets and exceeds customer expectations.

In 2023, Avida launched new, digital solutions and services to be able to meet customer needs in a fast, flexible and cost-effective way, while at the same time placing great emphasis on also being able to offer a personal service over the phone. These efforts have resulted in a CSAT (Customer Satisfaction Action score) of 88.7% and a TrustScore on Trustpilot of 4.6. During the year, rising market interest rates have led to an increase in Avida's financing costs. To meet this, the company has on several occasions raised the interest rate on existing loan portfolios. This is in line with how other players in the market have acted and has not resulted in a significant increase in customer outflow.

In the area of Non-Performing Loans (NPLs), Avida divested a Finnish NPL portfolio corresponding to EUR 30 million, and a Swedish portfolio corresponding to SEK 556 million. In Finland, Avida sold all outstanding NPL cases older than June 2023. In Sweden, the cases that were between 2 and 3 years old and approached the 3-year threshold for the EBA Prudential Backstop were sold, which increases the requirements for provisions. Additional cases are expected to be sold in 2024.

In 2023, Avida announced a new partnership with Norwegian Air Shuttle and the hotel chain Strawberry Group's new loyalty company. Here, the aim is that Avida will become the exclusive partner for financial services to their over 5 million members. The work to prepare for the upcoming launch of the collaboration and to deliver financial services to its members has been in focus during the second half of the year and will continue in 2024.

By continuing to invest in technology, people and processes, Avida is determined to become one of the leading niche banks in the Nordic market and deliver long-term growth and profitability.

SCALABLE BUSINESS MODEL

Avida's operations can take advantage of the scalability of the business from a stable foundation. Scalability results in lower costs per krona lent, which in turn leads to cheaper financing for customers and better returns for shareholders. Avida's strategic investment in corporate lending shows strong demand to help companies grow with their financing solutions. Avida has the tools to be a good business partner that is responsive and can create solutions for even the more complex financing needs. In recent years, Avida has reduced risk and margins in the segment and is now at a level where there is a good balance between risk and return. In consumer financing, the focus is on helping customers who want to consolidate their loans to lower their borrowing costs. In the segment, Avida's goal is to help customers with competitive offerings with a focus on refinancing more expensive loan, which is sustainable in the long term and creates good growth and profitability over time.

DEPOSITS FROM THE PUBLIC

Retail deposits have declined as a result of lower lending in the 2023. Competetive offerings to our deposit customers and an efficient deposit system has ensured the volume of deposits. Deposits are and will continue to be an important source of financing for the company. In 2017, Avida started taking deposits in Norway. Since the spring of 2019, Avida has also been able to offer euro-denominated deposits through a partnership with the European deposit platform Raisin. In 2020, Avida broadened its base for deposits in euro by initiating a partnership with Deposit Solutions. Through these deposits, Avida gains a natural hedge of its lending in Finland, thereby reducing the currency risk in its operations in the euro area. As a result of an increase in general interest rates, the cost of Avida's financing has increased in 2023.

REVENUE

Net interest income increased by 3.8% compared to the previous year. The increase is attributable to an increase in net interest income of SEK 39 million in the factoring and corporate lending operations, which was offset by a decrease in net interest income on the consumer loan portfolio of SEK 19.9 million.

The increase in net interest income for factoring reflects higher average lending volumes and the short-term nature of the factoring portfolio, which enabled the implementation of price increases. The decline in net interest income for Consumer Finance is a consequence of the planned reduction in loans granted, i.e. the decrease in average loan volumes. Changes in the composition of the loan portfolio in terms of the distribution between sound and defaulted loans, as well as changes in Avida's pricing models, have also had a negative effect on income.

COST

In 2023, overheads increased by 7.7% compared to 2022 to SEK 360.9 million. Most of the increase was driven by additional IT costs of SEK 14.9 million and additional personnel and consulting costs of SEK 15.1 million after the transition from the development phase to the maintenance and operation phase of new IT platforms.

CREDIT LOSSES

While credit losses in Business Finance were SEK 34.6 million lower in 2023 compared to 2022, credit losses in Consumer Finance were SEK 121.7 million higher than in 2022. Credit losses for Business Finance reflect the impact of the increased risk awareness and control measures taken in 2023. Credit losses in Consumer Finance reflect the challenging macroeconomic environment, which resulted in an increase in defaults during the year. A more conservative credit risk appetite has been implemented towards the latter part of 2023, which has led to reduced volumes in Stage 1 and a couple of major completed sales of defaulted credits have led to reduced balances in Stage 3. See note. 13, Lending to the public.

RESULT

Avida reports a profit before tax of SEK 18.8 million, which is a decrease of SEK 66.4 million compared to 2022.

LIQUIDITY AND CAPITAL

As of 2023-12-31, Avida Finans AB (publ) had a capital base of SEK 1,819.4 million compared to SEK 1,706.6 million on 2022-12-31. Avida's total capital ratio, defined as total own funds through total risk exposure, amounted to 17.44% (14.52%). This means that Avida fulfilled the requirements for capital ratios and buffers, as shown in Note 25 for Capital adequacy.

The company's deposits from the public decreased by 22% compared with 2022 and amounted to SEK 10,930 million (13,928). Avida's liquidity consists mainly of balances with central banks, refinancing of treasury bills and lending to credit institutions and amounts to a total of SEK 2,051 million (3,194).

STAFF AND MANAGEMENT

The number of employees in Avida increased slightly during the year and the average number of employees was 146 (136), of whom 69 (68) were women and 77 (68) men. In 2023, certain changes were made to the company's management team. Pehr Olofsson, CFO, changed roles within the company during the year and was replaced by Peter Franks, in the role of Interim CFO.

Filip Gustafsson, Head of Business Finance, left the company in July 2023 and was then temporarily replaced by Eskil Myrmo while waiting for Erik Krondahl to join as the new permanent Head of Business Finance at the turn of the year 2023/2024. Nicklas Cederholm returned to the role of CIO after parental leave, replacing Moa Nygren, who had been Interim CIO during the period.

In the autumn of 2023, Merete Gillund also joined the Management Team as Head of Strategy and New Business. The functions Risk, HR, Legal and Communication were moved out of the Management team. Erik Hallum, who has taken over as Interim Head of Risk, reports to the CEO and under staff functions structure reports to Per Westerberg, who holds the role of Chief of Staff with placement in the Management Team.

SUSTAINABILITY

Avida's business model is focused on providing competitive financing services for both private individuals and companies in Sweden, Norway and Finland. To ensure the long-term sustainability of these financing services, Avida carefully integrates sustainability aspects into the company's business long term strategy and takes continuous action to minimize negative impact on the environment, people and society.

By promoting responsible lending and prioritising sustainable business principles, Avida strives to contribute to long-term sustainable development. This means that the company not only considers the day-to-day financial situation of its customers, but also considers long-term sustainability implications in all relationships and decisions.

In its sustainability work, Avida ensures that the company always meets the binding requirements that stakeholders place on the business, as well as laws, supervisory regulations and other relevant regulations. In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Avida has prepared the sustainability report as a document separate from the formal financial statements. The sustainability report has been submitted to the auditors at the same time as the annual report and also the sustainability report refers to the financial year 2023. The report is available on page 11.

SIGNIFICANT RISKS AND UNCERTAINTIES

Through its operations, Avida is exposed to a number of different risks. Avida's biggest risk is credit risk as a result of the business model where lending is done to the private individuals and to companies. As a result of lending, liquidity risk, interest rate risk, currency risk and operational risk arise. Avida's risk management is designed through the company's risk policy and associated policies and instructions, as well as through a number of processes.

Policies and instructions set the framework and boundaries within which Avida can conduct its business through, for example, limits. The processes are designed to effectively manage day-to-day risks and thus effectively limit negative consequences on the company's financial results.

RISK MANAGEMENT

Avida's risk framework includes processes for identifying, assessing, analysing, managing and reporting the risks that exist in the business. The framework includes the establishment of applicable limits and systems for controls and other mitigating measures to ensure that risks are kept within the risk appetite determined by the Board of Directors.

The risk framework, including the risk policy, risk appetite and risk management system, is reviewed regularly to secure that these are relevant to the business model and the latest business plan. In addition to day-to-day risk management, the company has a risk control function led by the Chief Risk Officer, who reports directly to the CEO, and the Board of Directors, whose task is to compile, analyse and report all of the company's risks.

OWNER SITUATION

Since 2020, Avida Finans AB (publ) has been owned by KKR, which has the controlling influence of Avida Finans AB (publ). The shares in Avida Finans AB (publ) are otherwise owned by both private individuals and institutions.

The below table presents the largest shareholders as per 31st of December 2023.

Owner	Shares	Ownership, %
KKR	51 726 986	64,17
Andenes Investment S.L.	12 672 140	15,72
Midelfart Capital AS	7 357 372	9,01
Ubon Partners AS	6 712 568	8,32
Loe Equity AS	1 060 606	1,31
Dencker Invest AS	600 000	0,74
Vimar AS	150 000	0,19
Skandinaviska Enskilda Banken	86 000	0,11
Engelia Invest AS	50 000	0,06
Electric Forest AS	40 000	0,05

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

As a consequence of the war in Ukraine and other geopolitical events in the world that have characterised the year, Avida has seen a continued increase in inflation and general interest rate hikes. This affects the company's operations through, among other things, increased cost of funding, credit provisions and increased deposit costs.

On August 24, 2023, the cooperation agreement between Avida and the loyalty company started by Norweigan Air Shuttle and Strawberry Group was presented. Here, the aim is that Avida will become the exclusive provider of financial services to the loyalty company's approximately 5 million members. On September 14, 2023, Peter Franks took over as Interim CFO of the company.

During the year, Avida divested three portfolios of Non-Performing Loans (NPLs). During the first quarter, a portfolio of Swedish credits was sold, and in the fourth quarter, another Swedish portfolio and one with Finnish loans. In the third quarter of 2023, Avida issued a new Supplementary Capital Instrument (T2) corresponding to SEK 250 million. In connection with this, the company redeemed two previously issued T2 bonds.

In 2023, Avida has continued to take new steps in digitalization, especially in the factoring process with a change of factoring system that began during the year. The system will be put into operation in 2024 and it will further improve the product and further more create economies of scale. With the change, Avida creates completely new modern conditions for a customer-oriented and efficient system for daily business operations.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

On February 26, 2024, Lennart Erlandson took over as the new CFO of the company.

FUTURE DEVELOPMENT

In 2023, the company identified a number of profitability issues linked to increased credit losses in Consumer Finance. In connection with this, Avida has put together action plans and activities aimed at limiting credit losses and strengthening profitability. By launching new product functionality and an improved risk model framework, the profitability problems will be solved. The work began in 2023 and will continue into 2024.

For Avida, profitability and good credit quality will always take precedence over volume growth. The company will therefore continue to focus on lending money to companies and individuals with a cusmer centric approach, high-quality digitization and data analysis, and an efficient and result-oriented organization. Avida's goal remains to reach a position as a market leader in the industry.

When Avida in 2024 gains access to a broader product range and a new sales channel for the company's Consumer Finance business thanks to the collaboration with the new loyalty company created by Norwegian Air Shuttle and Strawberry Group, Avida is well equipped to grow the business profitably again.

For Avida, continued automation of the company's processes is central and at the same time be careful to develop in line with customers' changing needs. This applies to both the private and corporate markets, where the focus is on being able to offer the right products and services in all of the company's markets. One part of this work has been the implementation of a new technical platform for the consumer market.

Avida is now moving forward and carrying out a corresponding modernization in the enterprise market, where the platform change that began in 2023 will be completed. After the change, Avida will have good scalability in the business with a high quality and profitability in the corporate market. Avida will continue to focus on the company's costs and will actively work to keep operating costs at today's level despite the intended future growth. This will be possible as the business and the established processes will to a large extent be fully or largely digitized.
The current geopolitical situation due to Russia's war of aggression in Ukraine makes the macroeconomic situation still difficult to assess, although there were signals in 2023 that interest rate hikes are over and that inflation is about to fall back.

PROPOSED ALLOCATION OF PROFITS

The following profits are available to the general meeting:

	SEK
Other contributed capital	199 364 154
Retained earnings	1 300 573 310
Net profit/loss	14 114 080
Total available profits for allocation	**1 514 051 544**
The Board and the CEO propose that the profits be allocated so that the following SEK is carried forward:	
	1 514 051 544

CORPORATE GOVERNANCE REPORT

Avida Finans AB (publ) ("Avida")]Avida has prepared this report in accordance with the Annual Accounts Act (1995:1554).

ABOUT AVIDA

Avida carries out financing activities and is subject to the supervision of the Swedish Financial Supervisory Authority. Avida complies with a number of laws and regulations for good corporate governance and control of operations, such as the Companies Act (2005:551), the Annual Accounts Act (1995:1554), Nasdaq Stockholm's Regulations for Issuers, the Act (2004:297) on Banking and Financing Activities and the International Financial Reporting Standards.

Avida has issued tradable securities that are admitted for trading on Nasdaq Stockholm. In accordance with the basic rules on the governance and organisation of a limited liability company, Avida is governed by the general meeting of shareholders, the Board of Directors appointed by the shareholders at the general meeting, including the Board's Risk, Compliance and Audit Committee, the Board's Remuneration Committee and the Board's Credit Committee, the CEO appointed by the Board of Directors and the Board's supervision of Avida's management. The auditor appointed by the general meeting of shareholders submits an audit report of its audit of the company's Annual Report and Consolidated Financial Statements, the appropriation of the profit and the Board's and the CEO's management of the Company and its operations.

1. SHAREHOLDINGS, VOTES AND BOARD APPOINTMENT

At the end of 2023, Avida had about 45 shareholders according to the shareholder register held by Euroclear Sweden. Avida's largest shareholder is KKR through Eckern Finans Holding AB and FSK Eckern Finans Holding AB, which jointly own slightly more than 64% of the share capital and votes. The five largest shareholders represented the equivalent of around 97% of the share capital and votes.

1.1 Restrictions on the number of votes for each shareholder at a general meeting. The share capital consists of one class of shares where all shares carry the same voting right, and shareholders may vote for all shares held by the shareholder.

1.2 Provisions in the Articles of Association regarding appointment and dismissal of members of the Board of Directors and amendment of the Articles of Association. The Articles of Association do not contain any provisions governing the appointment of dismissal of members of the Management Board, with the exception of a provision minimum and maximum number of members of the Board of Directors. Summons to an Extraordinary General Meeting where a question regarding amendment of the Articles of Association shall be issued not earlier than six weeks and not later than four weeks before the meeting. The current Articles of Association for Avida were adopted at Annual General Meeting on 20 December 2018. The Annual General Meeting authorizes the Board of Directors to decide on the company shall issue new shares or acquire the company's own shares.

2. INTERNAL CONTROL AND RISK MANAGEMENT

Internal control is built around the six pillars of internal control presented below: control environment, risk management, control activities, information and communication, follow-up, evaluation and position regarding internal audit. To ensure well-functioning internal governance, risk management and control, Avida has established a governance framework consisting of the organization, internal rules and processes.

The objective of internal governance is to have an effective control system for the business and the risks to which it is exposed. The framework therefore includes requirements for the company's ability to identify, measure and assess, prioritise, and implement controls and other measures, and report and follow up financial and non-financial risks.

When making strategic, operational or tactical decisions, the consequences with regard to external and internal rules and risks must always be taken into account. To ensure these requirements, the following principles are guided:
- The organisation must be fit for purpose with clearly defined and documented responsibilities;
- Interest and awareness of rules and risks in the organization should be regularly encouraged;
- Avida shall have clear and documented decision-making processes, and
- Avida shall have clear and documented reporting lines and
- Avida shall have policies adopted by the Board of Directors and more detailed instructions for how the business shall be conducted.

Examples of policies, instructions and manuals include the Board's rules of procedure, the CEO's instructions, the policy for the risk management function, the policy for the compliance function and the policy for the internal audit function.

Governing documents are evaluated on an ongoing basis, but at least annually, and updated when necessary due to new or changed regulations and/or internal changes in the business. The Board of Directors has the ultimate responsibility for ensuring that Avida has an effective control environment.

In order to manage risks in a satisfactory manner, it is important that there is a well-adopted and clear internal governance and control structure in the organization.

In order to achieve a good control environment, Avida therefore applies the so-called principle of three lines of defence, where the different lines of defence have different responsibilities but with a shared responsibility for achieving the necessary internal governance and control. This applies to the entire Avida organization.

The principle of three lines of defence in addition to the division of organisational responsibilities is described below.

2. 1 FIRST LINE OF DEFENCE

The first line of defence consists of all of Avida's operations and all its employees except those who belong to the control functions (second and third line of defence). The first line of defence is led by the President and CEO and consists of the business and support functions. The first line of defence thus consists of the operations and operational support and must therefore manage day-to-day risks that arise and at the same time comply with both internal and external regulations.

2.2 SECOND LINE OF DEFENCE

The second line of defence consists of the independent control functions, Risk Control and Compliance. The functions in the second line of defence are responsible for supervision and control of the first line of defence, and that it complies with internal and external regulations. The second line of defence must also support the first line of defence in terms of internal governance, risk management and control, and must work proactively to create an effective control environment in Avida. Avida's Data Protection Officer ("DPO") function and the Chief Information Security Officer (CISO) are also included in the second line of defence.

2.3 THIRD LINE OF DEFENCE

The third line of defence consists of the Internal Audit function, which is a function independent of both the first and second lines of defence. The internal audit is responsible for, among other things, reviewing the work carried out by the first and second lines of defence and reporting directly to the Board of Directors. Avida has three internal control functions: The Risk Management Function, the Compliance Function and the Internal Audit Function.

The control functions must have the resources necessary to perform their tasks and be independent. In order for internal control functions to be considered independent, the following conditions should be met:

- Their personnel do not perform operational tasks that fall within the scope of the activities that the internal control functions are intended to monitor and control;
- They are organisationally separate from the activities they are assigned to monitor and control;
- Notwithstanding the overall responsibility of the Board members or the CEO, the managers of the Risk Management Function, the Compliance Function and the Internal Audit Function shall not be subordinate to a person who is responsible for managing activities that the internal control function monitors and controls.
- The remuneration to the personnel of the internal control functions must not be linked to the performance of the activities supervised and controlled by the internal control function, nor otherwise jeopardise their objectivity.

The work of the control functions shall be regulated in internal governance documents established by the Board. Each control function must have an adopted annual control plan. Avida must also ensure that staff in a control function are continuously trained to keep knowledge up to date and that the control functions have appropriate IT systems and support at their disposal.

The control functions shall report on a regular and recurring basis, at least quarterly, on material deficiencies and risks identified to the Board and the CEO. For the purpose of ensuring adequate risk management and compliance with laws, regulations and internal governance documents, Avida's risk management and internal control environment focus on assessment, controls and education. Avida applies available techniques and methods of risk management in a cost-effective manner.

Risk management is an integral part of our business operations. The Board receives reports from the Risk Control Function and the Compliance function at least quarterly. The reports include, in particular, assessments of the business with respect to risk management and regulatory compliance and include the entire organisation. The company's information and communication channels are continuously monitored by the management team and the Board to ensure that they are appropriate for financial reporting. Assessment and recommendations of control functions govern the evolution of risk management. Avida has established independent control functions for risk management and regulatory compliance in accordance with Swedish Financial Supervisory Authority's Regulations and General Guidelines regarding governance, risk management and control in credit institutions (FFFS 2014:1) and the European Banking Authority's guidelines on internal governance (EBA/GL/2021/05). The functions report directly to the Board, the Board's Audit, Risk and Compliance Committee and the CEO. Avida's internal audit function is appointed by, and is directly subordinate to, the Board through the Audit, Risk and Compliance Committee. The internal audit has been outsourced to an external party with the purpose of ensuring quality and independence in evaluation and review. The internal audit was carried out by Grant Thornton Sweden during the period. The role of the internal audit is regulated in the policy for the internal audit function and the work of the function is based on a risk-based audit plan, which is approved annually by the Board. The plan is based on a risk analysis carried out by Internal Audit.

The work of internal audit includes, in particular, reviewing and assessing whether systems, internal control mechanisms and procedures are appropriate and efficient and providing recommendations to Avida based on the comments made in the review and following up previously submitted recommendations. The results will be reported to the Board and CEO at least once a year.

3. INTERNAL CONTROL AND RISK MANAGEMNET SYSTEMS REGARDING FINANCIAL REPORTING

Internal control regarding financial reporting is a process by which it is ensured that established principles for internal control and financial reporting are complied with and that the Company's financial reporting has been prepared in accordance with the law, regulations, applicable accounting standards and good accounting practices, as well as other requirements for companies whose tradable securities are admitted to trading on a regulated market.

3.1 CONTROL ENVIRONMENT FOR THE FINANCIAL REPORTING

Fundamental to Avida's internal control of financial reporting is the control environment, including a clear and transparent organisational structure, clear division of authority and responsibility and governing documents such as internal policies, instructions and manuals. This also includes the ethical guidelines that are communicated to all employees and are a basic requirement for a good control environment. A further part of the control environment consists of risk assessment, i.e. the identification and management of the risks that could affect financial reporting as well as the control activities aimed at preventing, detecting and correcting errors and deviations.

3.2 CONTROL ACTIVITIES

Various control activities are built into the process of financial reporting. The control activities include both general and detailed checks intended to prevent, detect and correct errors, deviations and any irregularities that may have a significant impact on financial reporting. The control activities are prepared and documented at a reasonable level relative to the risk of errors and the effect of such errors. Each department manager is primarily responsible for managing the risks associated with their own department's operations and financial reporting processes. Furthermore, a high level of IT security is a requirement for good internal control of financial reporting. Therefore, there are rules and guidelines to ensure the availability, accuracy, confidentiality and traceability of information in the business systems.

3.3 INFORMATION AND COMMUNICATION

The company has information and communication channels that aim to promote completeness and accuracy in the financial reporting. Avida's Financial Policy is a governing document with the purpose of clarifying how financial operations should be conducted and how financial risks should be managed. The policy also includes the responsibility for both internal and external financial reporting and the relationship with the external auditor. The policy, together with relevant process descriptions and manuals, has been made available and known to affected staff on the Avida intranet and shared drives on the internal network. With ongoing information, dialogue, training efforts and controls, staff are able to access and understand the internal regulations. The internal regulations with policies, instructions and manuals, supplemented with procedure and process descriptions, constitute the most important tool for providing information to ensure financial reporting. The external communication aims to provide a true and fair picture of Avida and is stated in the information policy.

3.4 THE BOARD'S MEASURES TO MONITOR THE INTERNAL CONTROL OF FINANCIAL REPORTING

The Board's measures to monitor internal control of financial reporting are implemented through the Board's ongoing tracking of the company's finances and results, key ratios, costs, capital and liquidity situation in relation to budget and forecast, but also through the Board's review and tracking of external and internal auditor's review reports. The Board receives monthly financial reports, and at each Board meeting the company's financial situation is discussed. The Board also reviews the financial quarterly report and annual accounts before the material is officially published and reviews the comments and conclusions of the external and internal auditors. Avida compiles and reports current financial and operational figures and analyses to heads of function, management and the Board. The company works actively with continuous monitoring of the operating income as well as costs in relation to the budget and forecast. The work is done in close interaction with the management team and the external audit. The Board receives at least quarterly reports from the external audit. The reports include, among other things, evaluations of the business with regard to risk management and regulatory compliance to ensure that these are appropriate for financial reporting. The external auditor is appointed once a year by the general meeting and works independently from the business and reports its observations directly to the board regarding the financial reporting and its reliability.

SUSTAINABILITY REPORT

We have an influence and believe that we can contribute to a more sustainable environment and society through our internal governance. Through sound management of our operations, and an active stance on sustainability in decision-making processes such as lending, purchasing and employment, we strive to promote change.
Avida's business model is focused on providing competitive financing services for both individuals and companies in Sweden, Norway, and Finland. To ensure the long-term sustainability of these financing services, we carefully integrate sustainability aspects into our business strategy and take continuous measures to minimize the negative impact on the environment, people, and society.

By promoting responsible lending and prioritizing sustainable business principles, we strive to contribute to long-term sustainable development. This means that we not only consider the day-to-day financial health of customers, but also consider long-term sustainability consequences in all our relationships and decisions.

Avida works actively to integrate social and financial responsibility into business operations. By including social consideration in the credit process, we strive to ensure inclusive and sustainable business operations. Through processes, systems, and customer-oriented decision-making, Avida acts as a conscious actor with the ambition to be a positive force in society. Through careful review and adaptation of business operations, we consciously take sustainability aspects into account in a way that goes beyond purely financial considerations.

SUSTAINABILITY WORK GOT A FRESH START IN 2023.

In 2023, we have made a fresh start regarding Avida's sustainability work as we have developed a double materiality analysis that will form the basis of a focused sustainability work where we will move step by step towards our set goals. To reach a high level of transparency and clarity, we have chosen to link our activities and objectives to the UN's Global Goals for Sustainable Development. The connection between our activities and the global goals is the framework that creates long-termism and goal orientation. Something that creates a sustainable future both for us as a company but also for society.

We will continue to work on the sustainability challenges with the goal of setting an ambitious sustainability strategy that we will report on in line with the upcoming reporting requirements in the Corporate Sustainability Reporting Directive (CSRD) set for us for the financial year 2025. This means that we continuously review our sustainability efforts and work for to ensure that our reporting meets the highest standards of transparency and accountability.

During the year, we started work on developing a long-term sustainability plan from the ground up. With a thorough double materiality analysis and clearly defined long-term goals with associated activities, we have a solid foundation in our sustainability work going forward.

THE METHOD FOR THE DEVELOPMENT OF THE DOUBLE MATERIALITY ANALYSIS.

We have identified, valued, and validated the essential issues based on our impact on the environment, people and society (consequence perspective) as well as on the basis of the financial risks and opportunities that these issues give rise to in our operations.

The essential issues were identified and evaluated using:
• Analysis of existing work and reporting
• Review of reporting documents from owners
• Environmental analysis
• Employee survey
• Interviews with relevant employees at Avida
• Risk analysis

The Senior management team then validated the essential questions.

WE TAKE THE RESULT OF OUR DUAL MATERIALITY ANALYSIS FURTHER.

After a double materiality analysis was carried out, several ESG-related influencing factors, risks and opportunities were identified. These are to be seen as Avida's first step in preparing the company to live up to the upcoming legal requirements regarding sustainability reporting. In the environmental area, the essential issues are our own energy use and the emissions and the negative impact we can have on the climate. We have identified several material issues related to compliance, how we prevent and detect corruption, bribery, money laundering and terrorist financing. These issues together with the issue of human rights, both in our own company but also with our suppliers, have come together under the umbrella corporate culture. The core of Avida's business operations is to offer individuals and companies various forms of financing solutions. In our materiality analysis, we have placed great importance on the responsibility that comes with offering loans and credits. We have particularly highlighted our goals and ambitions through a dedicated focus area that we call responsible lending and financial inclusion.

What the identified risks in each area are, how these are valued and managed are collected under each area in this sustainability report for 2023.

ENVIROMENT

Within the environmental area, Avida's focus is on reducing emissions and minimizing negative impact on the climate as well as limiting our own energy use. As a result of the carried-out materiality analysis, we have identified several environment-related focus areas and reported the year's results. Before we establish emission targets according to current regulations, we will carry out climate calculations for scope 1, 2 and 3 in 2024. These calculations will be the basis for reporting the emission targets for the financial year 2025.

FOCUS AREA	Identified risk	Evalutation of risk	Mitigation of risk
Limiting climate change at the supplier level	There is a potential risk that purchases made without full consideration of Avida's purchasing process could mean that we are contributing to negative climate change. Such a risk could bring with it a deterioration of trust in Avida and, by extension, also have financial consequences for us as a company.	The climate-affecting risks are evaluated in the purchasing process that all potential suppliers to Avida goes through. As part of the assessment, sustainability parameters must be weighed in.	The suppliers who do not live up to the sustainability requirements set in our purchasing process cannot be suppliers to Avida.
Limitation of climate change in own operations	By conducting business in a way that leads to a negative impact on the climate and drives climate change.	Avida must minimize and prevent the negative climate impact our office operations give rise to, above all by minimizing the environmental impact from our passenger transport and reducing our energy consumption and our use of resources.	We continuously follow up that trips are made in accordance with current policy and that we aim to reduce our climate-impacting travel.
Energy use in own operations	Increasing energy use and the use of non-renewable energy harms the company and the outside world. An increased use of energy will also entail risks of increasing costs for the business.	We continuously monitor the company's energy use in our offices.	We make active sustainable choices of energy sources and make demands on our landlords regarding their choice of energy sources. We want to keep our consumption at as low and sustainable a level as possible.

The meaning of Scope 1, 2 och 3:
Scope 1: Direct emissions of greenhouse gases that come from sources that the organization directly controls.
Scope 2: Indirect emissions from the electricity, heat or steam that the organization buys from external sources.
Scope 3: Additional indirect emissions from activities related to the organization but outside its direct control, including the supply chain and employee travel.

By measuring and managing these scopes, organizations can get a complete picture of their emissions and take measures to reduce their climate impact.

OUR BUSINESS TRIPS AFFECT THE CLIMATE.

We assess that the emission area business travel has the most impact within scope 3. Therefore, we first prioritize environmentally friendly travel options and strive to minimize the number of air travel to gradually reduce our climate impact over time. The majority of Avida's company cars are electric or hybrid cars.

Travel between our offices, especially to and from the head office in Stockholm where most of the employees work, is carefully considered in terms of its scope to minimize the overall environmental impact. Although flying is the most common choice for transportation between Avida's offices, trains are the preferred mode of transportation to and from the airports.

Goal 2024: Reduce distance traveled per employee by 10% per year compared to the base year 2023.

Result 2023:

Travels with climate impact	2023
Number of employees	146
Number of travellers	47
Distance traveled by air (Thousands of kilometers)	348,1
Carbon dioxide emissions CO2e (tons)	184,1
Distance traveled by train (thousands of kilometers)	5,4
Carbon dioxide emissions CO2e (tons)	0,1
Total distance traveled (thousands of kilometers)	532,2
Distance traveled per employee (kilometers)	3 548

MAXIMIZE SUSTAINABLE ENERGY USE.

We have offices in three locations: Stockholm, Oslo, and Helsinki. Our offices are in environmentally certified buildings. The electricity, heating and cooling we use is predominantly green and fossil-free (the district cooling is 100% fossil-free), which is a step towards reducing our climate impact and promoting a sustainable energy supply.

Goal 2024: Reduce emissions and consumption by 10% per year compared to 2023.
Results in 2023:

Energy consumption and CO2e emissions below refer to Avida's Stockholm office (area 1,282 sq m).

Other offices currently lack separate accounts of energy and consumption data as this is not provided by the local property owners.

Energy consumption and emissions	2023	2022	Change, %
District heating, consumption (kWh)	29 062	22 437	+29*
District cooling, consumption (kWh)	16 967	22 800	- 25
Electricity, consumption (kWh)	113 050	102 007	+ 11
Total energy consumption (kWh) Consumption per square meter of office space (kWh)	161 809	147 244	+ 10
District heating, CO2e emissions (tons)	126,2	114,8	+ 10
Fjärrvärme, CO2e-utsläpp (ton)	1,70	1,24	+ 37*

**The increase in district heating consumption and the associated CO2e emissions between 2022 and 2023 are mainly caused by an increased operating time, lower average temperature periodically during 2023 and that heat pumps and other technical equipment were adjusted centrally in the property by the property owner.*

COMPANY CULTURE

Since Avida started in 1983, we have specialized in financing for individuals and companies. Since then, we have strived to be at the forefront of tailor-made financing solutions. Entrepreneurship and fast-moving has always been Avida's signature and delivering customer-close services in digital channels our focus. These cornerstones are the foundation of our corporate culture that shapes us as a company.

For us, the company culture is central, and it is a summary of how we view leadership, employees, values, a good working environment but also the company's internal governance. A well-established corporate culture is important to us, and it affects job satisfaction, productivity and ultimately the success of the organization.

FOCUS AREA	Identified risk	Evalutation of risk	Mitigation of risk
Company culture	For us, the corporate culture is meaningful; it can affect job satisfaction, productivity and ultimately the success of the organization. Our corporate culture is shaped by our history, leadership, internal governance, work environment and employees. The potential risk if we fail to maintain a top-level corporate culture is that they will affect business operations with financial consequences as a result.	The risks linked to Avida's corporate culture are continuously evaluated with the help of internal employee surveys, evaluation of personnel turnover and sick leave rates. The work environment is evaluated with the help of workplace representatives, work environment work and reported incidents in our whistle-blower process.	Risks that materialize will be handled by the company's HR function if they are personnel-related risks, the compliance functions if it concerns deficiencies in internal governance. In cases involving work environment issues, in addition to the HR function, the local trade union is also involved.
Governance and regulations	The goal of governance is an efficient and effective control system of the business and the risks to which it is exposed. The framework therefore includes requirements for the company's ability to identify, measure and assess, prioritize and implement controls and other measures as well as report and follow up financial and non-financial risks, including Avida's sustainability-related risks.	To ensure well-functioning internal governance, risk management and control, Avida has established a governance framework consisting of organization, internal rules, and processes. The company's internal governance is based on the company's Policy for internal governance. The policy covers the entire company's organization, all our employees, contractors and the relationships with customers, suppliers, and other partners. The policy describes Avida's overall framework for internal governance, risk management and control.	Risks in governance and regulations that materialize will be captured and handled in slightly different ways depending on the nature of the event. Via the whistle-blower function, employees can report shortcomings in the organization, the risk and compliance functions can raise incidents to the board for action, customers can via the complaint handling point to inaccuracies in the management of business operations.

COMPANY CULTURE

FOCUS AREA	Identified risk	Evalutation of risk	Mitigation of risk
Working conditions and human rights in own business	We ensure that all our employees have a working environment and an employ-ment characterized by fair conditions and security. If we as an employer do not live up to the de-mands placed on us by employees and the world around us, we risk losing the trust of employees and society. In the worst case, we as a company risk breaking laws and re-gulations, which in turn would have extensive consequences for Avida's ability to conduct our business.	The risks surrounding human rights and working conditions in the own operations are managed, among other things, as the employees in Sweden are covered by collective agreements via the Union. An ag-reement that ensures contractual terms. All employees are insured in the event of an accident, and all have contractual salaries and recei-ve ongoing pension provisions. In Finland, we follow the collective ag-reement for the Financial Industry, and in Norway, we follow the Finan-cial Associa-tion's agreement and must always be in line with, or better than, the agreement regarding the employees' local conditions.	Via the collective agreement in Sweden, we will both ensure con-tractual employment conditions in terms of salary, leave, insurance and pension provisions. We also have safety representatives and a work environ-ment committee that regu-larly evaluates risks in the physical and psychosocial work environment. In Finland and Norway, employees are covered by a similar safety net in terms of employment conditions and working environment.
Working conditions and human rights at supplier level.	At Avida, we always strive to create responsible partnerships with our suppliers and customers where hu-man rights and environmental requi-rements are a high priority. If it turns out that we as a company would in any way contribute to violating hu-man rights and working conditions at our suppliers, it could seriously da-mage our business operations with financial and reputational consequ-ences.	We are careful when choosing our suppliers and ensure in the ways possible during the purchasing pro-cess that we only choose suppliers who have documented how they relate to sustainability issues in ge-neral and human rights in particular.	We will not sign contracts with po-tential suppliers who are not consi-dered to live up to the requirements for sustainable business operations. In Norway, a new law entered into force in 2023, the so-called Åpen-hetsloven. The main purpose of this law is to promote companies' respect for basic human rights and decent working conditions in connection with the production of goods and the provision of services. Avida's intention is to fully comply with the legal requirements in the Openness Act. From 2024, we will improve our purchasing process further. For us to have better control and the opportunity to influence is-sues of human rights and the right environmental choice at the supplier level, we will update our purchasing process with associated policies in order to set demands on our supp-liers in an even more structured and clear way.

LEADERSHIP

Avida's leadership is one of the keys to achieving our ambitious goals. At Avida, it is our leaders who, based on the company's overall strategies and goals, lead their employees. In practice, this means taking responsibility for making decisions, motivating, and inspiring employees.

Our leadership is characterized by the system for feedback that we have at the company. Each leader and employee has ongoing follow-up regarding the individual goals and workers work together to reach them. The results of this work are continuously measured with Avida's Leadership Index, which is based on the employees' answers in the recurring employee survey.

KPI's	2023	2022
Leadership index (Longterm goal 8)	7,9	8,5

We are also convinced that common principles at the company lead to a better working environment, more efficient work and a better financial result. We have chosen to summarize this as five principles that will guide us in the right direction together.

Strive for the highest quality.

We want all employees to be able to achieve the highest quality in their work, regardless of their role. To lead and motivate the employees to get there, regular, structured, feedback conversations are held where employees and managers together evaluate the performance and the agreed goals.

Integrity and transparency.

We want our culture and internal collaboration to be characterized by our view of individual integrity, honesty, openness, and transparent decision-making. Therefore, employees are encouraged to share their opinions and any problems in their daily work. By acting with the best interests of the individual and the organization in mind, we will increase the possibility of reaching where we want.

Respectful workplace free from discrimination

For us, diversity and equality are central to successfully achieving our business goals. Having a diversified workplace is important and something we measure and follow up on an ongoing basis. All our employees, regardless of role, background, religious beliefs, or sexual orientation, must be respected and must never be subjected to discrimination, harassment or other forms of bullying in their workplace. We will therefore always provide an inclusive environment characterized by diversity where everyone feels valued and needed.

Annual salary mapping

At Avida, we do not want there to be an unreasonable pay gap for equal work. For that reason, an annual salary survey is carried out with the aim of detecting any differences and, where applicable, remedying them. The salary survey is applied in accordance with the Discrimination Act (2008:567), which sets requirements to identify and remedy unreasonable salary differences that cannot be explained with objective reasons. The salary survey includes an analysis of regulations and practices on salaries and other terms of employment applied at Avida as well as any salary differences between women and men who perform equivalently. work. In cases where a salary difference cannot be explained, an action plan for salary adjustments must be drawn up, whereby adjustments must be made as soon as possible, but no later than within 3 years.

The last two years' salary surveys have not shown any differences in salary that could be due to gender.

Gender distribution %	2023		2022		2021	
	Men	Women	Men	Women	Men	Women
Board	67	33	70	30	70	30
Senior Executive Team	67	33	82	18	89	11
Managers	67	33	71	29	68	32
Total	53	47	51	49	51	49

KPI's	2023	2022	2021
Total number of employees	146	137	136
Staff turnover % (Long-term target max 20%)	17	20,9	20,6
Sickness absence %, total. (Long-term target maximum 3%)	1,26	1,75 %	2,14
Sickness absence (long-term) %, total (Long-term target maximum 2%)	1,20	2,05 %	*
eNPS, average (Long-term target minimum 25)	3	14	*

** No comparable survey was conducted in 2021.*

Responsible employee ship.

Leadership and employee ship are closely linked at Avida. At us, we want all employees to take a great deal of personal responsibility for running and developing their own area of responsibility. In that case, a well-functioning collaboration between employees and leaders is a prerequisite for success.

In 2023, a new process for feedback between managers and employees was introduced, where monthly conversations between employees and managers take place. During the conversation, individual goals are followed up and activities that have been carried out are evaluated. The process is a complement to the annual employee conversation Avida Engagement and Evaluation Dialogue (AEED), which is a more comprehensive conversation about follow-up and goals. That conversation is also the basis for the recurring salary review. In this way, we create a clearer connection between performance and salary. The process also gives the employee the opportunity to influence both the company and their own development. The goal for 2024 is for all employees to have feedback meeting every month and for the annual AEED to be carried out and documented.

INTERNAL GOVERNANCE AND CONTROL

At Avida, well-functioning internal governance is central to the business to ensure high trust among Avida's stakeholders. To ensure that the business is conducted and managed in a sustainable and long-term way, a system of internal control and management has been established. It consists of values, corporate culture, and decision-making forums together with internal rules that are documented in policy documents and instructions. Policy for internal governance covers the entire company's organization, all employees, suppliers, and other partners. The policy describes Avida's overall framework for internal governance, risk management and control and is an overall governing document which together with other policies, e.g. Risk Policy, Credit Policy, Policy on Measures Against Money Laundering and Financing of Terrorism, Work Environment Policy, Compensation Policy, and Outsourcing Policy form a comprehensive governance framework. The governing documents cover the areas required by the Annual Accounts Act, i.e. environment, social sustainability, personnel, anti-corruption, and human rights.

It is the board that decides on the governing documents to establish a healthy internal, risk and control culture, as well as the overall framework for internal rules that are adapted to the activities conducted in the company. Avida has also established three control functions to ensure compliance with the internal governance and control framework through the risk control function, the compliance function, and the internal audit function.

The objective of this internal governance structure is an effective system of control over the business and the risks to which it is exposed. The framework therefore includes requirements for the company's ability to identify, measure and assess, prioritize, and implement controls and other measures as well as report and follow up both financial and non-financial risks.

WORKING ENVIRONMENT

The goal for Avida is to offer a satisfactory work environment that considers the nature of work and the activities carried out within the company. We also work to promote a good working environment by preventing the risk of ill health due to organizational and social conditions in the working environment. Our proactive work with the work environment aims to prevent work-related injuries, reduce work-related absence, and plan early rehabilitation efforts. A central principle for Avida's work to promote health includes several different aspects such as health benefits, hybrid work and flexible working hours. As part of that work, Avida ensures that all employees are insured. Work environment issues are an integrated part of daily operations and responsibility for the work environment is primarily decentralized out in the organization. Each office therefore has a safety representative and a work environment committee where the members represent both employers and employees. In support of this work, an annual plan is established to ensure that an annual so-called work environment round is carried out at the workplace. Any deficiencies are noted here and, if necessary, an action plan is drawn up for the deficiencies to be remedied.

In 2023, no serious incidents were reported in the business. In connection with the annual work environment round, six shortcomings were noted in the Swedish office that needed to be remedied: the temperaruten in the room, insufficient information on first aid, clarification of insufficient routines for systematic fire protection work, disposal of hazardous waste and written distribution of work environment tasks and associated training. All points have been addressed during the year. For the offices in Norway and Finland, no deficiencies were noted during the year.

EMPLOYEES

Our employees are hugely important to Avida's continued success. Therefore, we want to give all employees the best possible conditions to achieve the company's goals together under something we call employee engagement. It refers to how individuals within an organization contribute to striving towards the common vision and reach common goals together with leaders and colleagues. In our view of teamwork, we emphasize the importance of talking about the individual's responsibility, initiative, and cooperation skills.

Employees who are healthy and happy at work are extremely important to the company's ability to succeed. We measure and follow up the result via staff turnover, where the goal is to have a maximum of 15% in staff turnover per year. Furthermore, we also measure employee satisfaction continuously and summarize the results in the Employee Net Promoter Score (eNPS). In order to create a pleasant, result-oriented work environment and increase employee engagement, we have a long-term goal of 25 in eNPS. We also monitor short-term sickness absence, which should not exceed 3%, and long-term sickness absence, which should not exceed 2%.

Human Rights

We expect every employee to understand the principles and guidelines that apply to protect human rights. At Avida, we will always promote an inclusive environment where human rights are upheld. Discrimination, harassment, forced labour, child labor and other violations of human rights must not occur in our operations.

Human rights for employees in Avida

At Avida, we ensure that all our employees have a working environment and an employment characterized by fair conditions and security. Therefore, we make sure that all our employees are covered by contractual terms. In Sweden, we have signed a collective agreement via the Union. All employees are also insured should the accident occur during working hours. All employees also have contractual salaries and receive ongoing pension provisions.

Human rights and clear environmental requirements in the supply chain

Our endeavor is to always create responsible relationships with our suppliers and customers where human rights and environmental requirements are a high priority. Currently, we lean towards existing suppliers making the right choices in their operations, but for Avida to have better control and the opportunity to influence issues of human rights and the right environmental choices in the supplier chain, we will update our purchasing process with related policies in 2024. This planned change means that we set demands on our suppliers in a structured and clear way and will follow up annually at the supplier level..

Whistle blowing

Acting ethically and taking measures to prevent irregularities in operations are important parts of Avida's corporate culture. That's why we have a specific whistleblowing policy adopted by Avida's board of directors. The purpose of the policy is to encourage and facilitate employees to report any violations or negligence within Avida's business operations. Employees who discover serious misconduct or violations of internal and/or external rules connected to Avida's commercial activities and have reasons that prevent the employee from raising the issue with their superior manager, are encouraged to make a report.
Anyone who wants to report violations or negligence should be able to feel safe when they send a report according to current procedures. Reports are handled confidentially by the company's compliance function. The person who has made the report will remain anonymous as far as possible. The person must also never be subjected to any reprisals from the company for whistle-blowing that was done with the best of intentions.

During 2023, no Whistleblowing notifications have been noted.

Local Norwegian legislation regarding human rights

In Norway, a new law came into force during the year, the so-called Åpenhetsloven. The main purpose of this law is to promote companies' respect for basic human rights and decent working conditions in connection with the production of goods and the provision of services. Avida's intention is to fully comply with the legal requirements in the Openness Act. However, Avida's purchasing of products, cooperation with partners and assignments for customers can be exposed to conditions where basic human rights are not respected, therefore we have processes in place to be able to make proven choices.

Analysis of the company's own operations resulted in a report in 2023 that is published on Avida's external website. For those who have questions connected to human rights and Avida's role and responsibility in the area, you can contact the company via email to Compliance, who handles incoming questions.

During the year, no questions have been received, nor have any incidents been reported or noted.

RESPONSIBLE LENDING TO CORPORATES

Avida finance SME growth plans. Through business loans or factoring where accounts receivable are converted into liquidity at the customer company. Corporate financing accounts for approximately 25% of Avida's total lending, and for Avida it is central to having a long-term sustainability perspective on our corporate business. Therefore, the company works on several levels to ensure that the granting of credit is responsible both towards the customers and the society in which Avida operates.

FOCUS AREA	Identified risk	Evalutation of risk	Mitigation of risk
Avoid negative impact from loaned funds to business customers and contribute to sustainable development.	Financing for companies is an important part of our business and it is central to have a long-term sustainability perspective on that business. A business relationship that is not sustainable brings with it an increased financial risk for us and therefore we work on several levels to ensure that the granting of credit is responsible both towards the customers and the society in which we operate. We are therefore careful and selective when it comes to which industries and sectors we choose to finance.	In our business operations, systems and processes are in place to evaluate potential customers from a sustainability perspective in connection with credit decisions being made. This is done as a natural part of the process as more traditional key figures and risk undertakings are also evaluated.	Potential risks in lending to companies are handled in Avida's robust credit process. This is made possible with the support of systems and employees who are in regular contact with business customers.

Systems and processes for evaluation

In Avida's business operations, there are systems and processes for evaluating potential customers from a sustainability perspective. To clarify our position in this area, the credit process in 2024 will be supplemented with a list of which industries we avoid doing business with. We are also evaluating introducing a separate evaluation process to understand in more detail how potential customers manage and mitigate sustainability risks in their own operations from a sustainability perspective. In addition to these steps, we are evaluating the possibility of using an external party to make an independent assessment of companies from an ESG perspective.

Continuous evaluation

Customer companies and industries are in constant development; therefore we consider it important to continuously evaluate our existing customer relationships based on a sustainability perspective. Therefore, in 2024, we will carry out recurring evaluations of our customers from an ESG perspective with the support of our own evaluation process, but we are also evaluating the use of external parties' independent assessment systems.

With robust processes for assessing potential customers and an ongoing evaluation of existing customers from a sustainability perspective, we aim to have no corporate customers in the sectors we have opted out.

Future business opportunities

For Avida, sustainability also means new business opportunities. We continuously evaluate which sectors and companies can be potential customers given the new conditions that the change to sustainability entails, and we are also active in developing new products and services that in the best way enable us to drive development forward in the sustainability issue, both for us as company but also for society at large.

RESPONSIBLE LENDING AND FINANCIAL INCLUSION FOR PRIVATE CUSTOMERS

Private customers account for approximately 75% of Avida's total lending and are naturally very important to the company's sustainable development. Therefore, our private customers should always feel that we take responsibility for them all the way from the application to the final payment of the debt. Nobody benefits from someone taking on debts they cannot handle, neither the customer nor us. That is why we look seriously at having an individual credit assessment, to always extend a helping hand if problems arise with paying the monthly invoice. In addition, it is important that customers understand what it means to sign a loan or other banking services. This is how we take on Avida's responsibility when granting credit and this is how we work

FOCUS AREA	Identified risk	Evalutation of risk	Mitigation of risk
Financial and social inclusion for consumers and/or end users	If a consumer who takes out a loan or credit from Avida either does not fully understand the product they have purchased or if the person receives a loan or credit that does not fit into their own finances, this means a risk for the consumer, for Avida as a company and for the society.	We take our individual credit assessment very seriously. It is in that process that we ensure that those who should not borrow do not get their application approved either. The risk that our customers do not feel socially included is managed through the efforts we make to inform and educate customers about our products and services and how the individual's private finances will be affected.	We always help customers who have problems paying their invoices. With individual solutions, we always do our utmost to ensure that the customer does not proceed to debt collection or recovery. How well we succeed is continuously measured when we follow up which customers have payment problems, how many proceed to debt collection and how our credit losses develop over time.

1 Individual credit assessment

When someone applies for a loan or credit with us, a careful credit assessment is always made based on the person's entire financial situation. We make a so-called "How much is left to live on calculation" which is based on the Swedish Consumer Agency's calculations of household expenses where all income and expenses are weighed together. It is based both on information that the person himself provides to us, but also on data we always retrieve from the person's bank using PSD2 data. Being able to use the external data to verify income information and other financial information that affects the credit assessment is something we started with in 2023 in Sweden and Finland. With that basis, we get a more complete picture of how income and expenses are distributed. Although our processes are highly digitized, it is only a support in decision-making. We review almost all applications manually in order to make a professional summary assessment of the customer's ability to pay before we make a decision on whether the application should be granted or not.

Goal: 100% of all new loan and credit applications must be checked with external PSD2 data.
100% of all new loan and credit applications must be manually checked before a final decision is communicated to the applicant.

Results in 2023: 89% of all new loan and credit applications were checked with external PSD2 data.

100% of all new loan and credit applications received a manual check before the final decision was communicated to the applicant.

2 We do not want to contribute to unhealthy gambling.

Unfortunately, we see that a large percentage of those applying for consumer credit at Avida have a gambling behavior that can lead to, or already is, a gambling addiction. We do not want to participate in financing harmful gambling behavior and therefore have limits to what we consider to be an acceptable level.
To take further responsibility in the matter of unhealthy gambling, in 2024 we will investigate the possibility of also introducing an external control of all applications from new loan or credit customers to the Spelstopp service to avoid that those who themselves believe that they gamble too much are also not allowed new loans.
Goal: In 2024, we will evaluate the results for 2023 and decide what is a reasonable and relevant goal going forward.
Results 2023: 10% of received applications have been rejected due to excessive gambling (gambling)

3 We take responsibility for not increasing over-indebtedness.

We do not want to contribute to increased over-indebtedness in society. Our active contribution to this is that, when a person applies for a consolidation loan with us to resolve other credits and loans, we ensure that the new loan is used to resolve old credits and loans as far as possible. Together, we make sure that the customer stays in control of his personal finances and does not become over-indebted.

Goal: 100% of previous credits and loans are resolved when the customer receives a consolidation loan from us.
To reach the goal of 100%, in 2024 we will also have processes in place that will ensure that we can also resolve and terminate the customer's card credits.

4 We help customers get back on track.

When customers find themselves in payment difficulties, it is important to extend a helping hand early on. We'll do that. If any customer has problems paying their monthly invoice repeatedly, we always contact the customer to talk through the situation and find an individual solution. Both we and the customer win by solving the problems before the debt proceeds to debt collection and recovery. We make an average of 610 calls per day to customers in Finland, Norway, and Sweden who we see may need support and help. Our goal is to talk to as many people as possible and by the second quarter of 2024 at the latest, we will be able to formulate an even clearer goal based on the insights we are starting to be able to draw from the data collected via our Call Client system. Of the customers we call out to, we reach 8%. Of those we talk to, 85% will receive a proposed solution they accept.

In 2023, we introduced new opportunities to be able to offer customers individually tailored solutions such as extended repayment period and payment-free month.

If, despite our joint efforts, it is not possible to solve the payment problems together with the customer and the debt goes on to debt collection, we continue to take responsibility for the customer relationship by making demands on our suppliers of debt collection services.

Goal: 50% of the customers we help should experience a better every day personal financial life. Measured via customer survey starting in 2024.

5 Financial inclusion.

We take financial inclusion seriously and that everyone should have the opportunity to take out a temporary loan or credit for the needs that arise in everyday life. Sometimes a small loan without collateral is a much better option than mortgaging the home, for example.

There are many private individuals who find banking services complicated and difficult to understand, therefore we see a need for information and training in personal financial matters. Today, our knowledgeable customer service staff take a great responsibility in explaining to the customer how our financial services work, we also offer digital help via the customer's own "My pages" in our web service. During the past year, we have also started to inform all new customers via a digital newsletter where they get more facts about the product they signed up with us. The more people who understand how loans and other banking services work, the better. We want everyone to understand what they are signing when they become customers with us. Everyone wins.

Goal: 100% of all new private customers must receive clear and easy-to-understand information about the product or service they purchased in connection with becoming a customer with us.

Result 2023: 100% of our new private customers received a digital letter describing in local language the product or service they signed up with Avida.

PREVENTION AND DETECTION OF CORRUPTION, BRIBERY, MONEY LAUNDERING AND TERRORIST FINANCING.

FOCUS AREA	Identified risk	Evalutation of risk	Mitigation of risk
Protection for whistleblowers in their own business	Acting ethically and taking measures to prevent irregularities in operations are important parts of Avida's corporate culture. If the company cannot detect irregularities and act on them in time, there are obvious risks that the company and its operations will be damaged both in terms of trust and also financially.	Avida has adopted a specific whistleblowing policy. The purpose of the policy is to encourage and facilitate employees to report any violations or negligence that occur in the company's business operations.	Anyone who wants to report violations or negligence should be able to feel safe when they send a report according to current procedures. Reports are handled confidentially by the company's Compliance function
Prevention of corruption and bribery; employees, customers, suppliers and financiers	As an actor in the financial sector, we must ensure that all decisions are made with high ethical standards to maintain the trust of customers, owners, employees, business relationships and society at large. If the risk regarding corruption and bribery were to materialize, it will damage the company's reputation and trust with financial impact as a result.	To be able to follow up and evaluate risks linked to risks of bribery and corruption, all employees must report to Avida's legal department if they have either received gifts in a business context or if they themselves plan to give customers any type of gift.	To manage the risks of bribery and corruption in our own operations, we have introduced new policies in 2022 and 2023, which all employees have learned about via both oral information meetings and digitally via the intranet.
Prevent money laundering and terrorist financing	The UN has estimated that approximately 2,000 billion dollars are laundered globally annually, of which approximately SEK 130 billion is laundered each year in the Swedish financial system. In terms of fraud, almost 200,000 fraud crimes were reported in 2022. There is a natural risk that we as a financial actor could be used as a tool in crime. A risk that, if materialized, would harm both the company and society.	We ensure we have effective controls and processes in place to prevent and detect corruption, bribery, money laundering and terrorist financing in all areas of our operations.	Avida manages the risks of money laundering and terrorist financing by annually updating our risk assessment, continuously evaluating the robustness of our transaction monitoring and our customer awareness process. With system support and trained employees, we monitor transactions and report suspicious behavior to the Financial Police.

CORRUPTION AND BRIBERY

We ensure we have effective controls and processes in place to prevent and detect corruption, bribery, money laundering and terrorist financing in all areas of our operations.

All Avida employees must undergo annual e-training on how suspected money laundering or other attempted financial crimes can be detected and handled (in 2023, 84% of employees completed the training). Avida has a special unit of analysts who work together with the entire company to prevent anyone from using our products and services for criminal activities. The work is controlled and followed up using policies and instructions that have been decided by Avida's board.

As an actor in the financial sector, Avida must ensure that all decisions are made with high ethical standards to maintain the trust of customers, owners, employees, business relationships and society at large. To manage the risks of bribery and corruption in our own operations, we have introduced new policies in 2022 and 2023, which all employees have learned about via both oral information meetings and digitally via the intranet. All members of Avida's management team have undergone training in what risks exist regarding bribery and corruption, as well as the policy documents that are available to follow. During 2022 and 2023, as part of their induction, all new employees have received information about how Avida views the risks of bribery and corruption, what policies exist and how the individual employee should act if they are exposed to risks connected to the area. In 2024, a mandatory e-training to increase knowledge of risks associated with bribery and corruption for all employees will be implemented.

To be able to follow up risks linked to risks of bribery and corruption, all employees must report to Avida's legal department if they have either received gifts in a business context or if they themselves plan to give customers any type of gift.

Results 2023: In 2023, no cases were reported in the system and no cases were consequently assessed as violations of the current regulations.
Avida's long-term goal is that 100% of all gifts given or received must be reported according to current routine and that no violations of the regulations materialize.

PREVENTION OF MONEY LAUNDERING, FINANCING OF TERRORISM AND FRAUD.

The UN has estimated that approximately 2,000 billion dollars are laundered globally annually, of which approximately SEK 130 billion is laundered each year in the Swedish financial system. In terms of fraud, almost 200,000 fraud crimes were reported in 2022.

Contributing to society's work to counter and prevent money laundering, terrorist financing and fraud is one of Avida's most important tasks. We do this by clearly taking a stand in our policies and governing documents, which are then implemented in our daily work with the help of processes and routines.

WHAT ARE WE DOING TO MITIGATE THE RISKS?

Some of the things Avida does to manage the money laundering and terrorist financing risks that our business is exposed to are that we annually update our risk assessment, continuously evaluate the robustness of our transaction monitoring and our customer awareness process. We also regularly train our staff both via digital and physical training. To make fraud more difficult, during the year we introduced a more secure form of signing where we use two-step authentication to increase security.

SANCTIONS LISTS WE FOLLOW.

As part of the work to counter money laundering and terrorist financing, we ensure that none of our clients are sanctioned by the UN, EU or OFAC.

Results 2023: In 2023, no frauds caused by incorrect signatures were reported and all suspected cases of money laundering or terrorist financing were reported to the Financial Police for further action.

INCOME STATEMENT

SEK million	Note	2023	2022
Interest income		1,287.1	1,025.8
Interest expenses		-423.6	-194.1
Net interest income	4	**863.5**	**831.7**
Net commission income	6	22.0	22.9
Net result from financial transactions	7	3.3	4.7
Other operating income		13.1	2.1
Total operating income		**901.9**	**861.4**
General administrative expenses	8, 9	-360.9	-335.1
Depreciation and amortisation of tangible and intangible assets		-9.1	-9.4
Total expenses before credit losses		**-370.0**	**-344.5**
Profit/loss before credit losses		**532.0**	**516.9**
Credit losses, net	10	-513.1	-431.7
Operating profit/loss		18.8	85.2
Profit/loss before tax		**18.8**	**85.2**
Tax on profit or loss for the period	11	-4.7	-22.0
Profit or loss for the period		**14.1**	**63.3**

STATEMENT OF COMPREHENSIVE INCOME

SEK million	Note	2023	2022
Profit or loss for the period		**14.1**	**63.3**
Currency rate differences when translating foreign operations		-0.5	0.3
Sum of items that may be subsequently reclassified to the income statement		**-0.5**	**0.3**
Total profit or loss for the period		**13.6**	**63.6**

STATEMENT OF FINANCIAL POSITION

SEK million	Note	2023	2022
ASSETS			
Cash and balances with central banks		77.6	521.7
Treasury bills eligible for repayment	12	837.0	671.4
Loans to credit institutions		1,136.4	2,001.4
Loans to the public	13	10,515.9	12,373.4
Shares and participations in Group companies		0.0	2.0
Intangible fixed assets	14	56.4	43.3
Tangible assets	15	5.0	5.3
Current tax asset		28.6	35.3
Other assets	17	276.9	37.6
Prepaid expenses and accrued income	18	22.6	19.4
TOTAL ASSETS		**12,956.4**	**15,710.8**
LIABILITIES AND EQUITY			
Deposits from the public		10,930.3	13,928.0
Other liabilities	19	133.1	78.2
Accrued expenses and prepaid income	20	52.3	55.1
Other provisions	21	4.1	0.7
Subordinated debt	22	249.7	248.9
TOTAL LIABILITIES		**11,369.5**	**14,311.0**
EQUITY	23		
Share capital		14.6	12.8
Other contributed capital		1,119.5	921.6
Additional Tier 1 capital		199.4	198.0
Other reserves		46.0	33.4
Retained earnings		193.2	170.8
Profit for the year		14.1	63.3
TOTAL EQUITY		**1,586.9**	**1,399.9**
TOTAL LIABILITIES AND EQUITY		**12,956.4**	**15,710.8**

STATEMENT OF CHANGES IN EQUITY

	Restricted equity				Unrestricted equity				
SEK million	Share capital	Statutory reserve	Development expenditure fund	Additional Tier 1 capital	Premium reserve	Translation reserve	Retained earnings	Profit for the year	Total
Opening balance 1 Jan 2023	**12.8**	**1.8**	**43.2**	**198.0**	**921.6**	**-11.6**	**170.8**	**63.3**	**1,399.9**
Transfer of previous year's net profit/ loss							63.3	63.3	
Profit/loss for the year								14.1	14.1
Other comprehensive income						-0.5			-0.5
Total comprehensive income						-0.5		14.1	**13.6**
Transfer between restricted and non-restricted equity			13.1				-13.1		
Share issue, net of transaction costs	1.8				197.9				199.7
Transaction costs on Additional Tier 1 capital				1.3					1.3
Interest paid on Additional Tier 1 capital							-27.7		-27.7
Closing balance 31 Dec 2023	**14.6**	**1.8**	**56.4**	**199.4**	**1,119.5**	**-12.2**	**193.2**	**14.1**	**1,586.9**

	Restricted equity				Unrestricted equity			
SEK million	Share capital	Statutory reserve	Development expenditure fund	Additional Tier 1 capital	Premium reserve	Retained earnings	Profit for the year	Total
Opening balance 1 Jan 2022	**12.8**	**1.8**	**29.8**	**196.7**	**921.6**	**134.4**	**59.8**	**1,356.9**
Transfer of previous year's net profit/ loss						59.8	-59.8	
Profit/loss for the year							63.3	63.3
Other comprehensive income						0.3		0.3
Total comprehensive income						0.3	63.3	**63.6**
Transfer between restricted and non-restricted equity			13.4			-13.4		
Transaction costs on Additional Tier 1 capital				1.3				1.3
Interest paid on Additional Tier 1 capital						-21.9		-21.9
Closing balance 31 Dec 2022	**12.8**	**1.8**	**43.2**	**198.0**	**921.6**	**159.2**	**63.3**	**1,399.9**

CASH FLOW STATEMENT

SEK million	2023	2022
Operating activities		
Operating profit/loss	18.8	85.2
Adjustment for items not included in cash flow		
Depreciation and amortisation of tangible and intangible assets	9.1	9,4
Provisions for credit losses	513.1	431,7
Unrealised changes in assets and liabilities	-3.3	-6.0
Write-down of shares in subsidiary upon liquidation	-2.0	-
Gain on liquidation of shares in subsidiary	-6.7	-
Other non-cash items	-3.2	0.0
Income tax paid	-2.3	-13.0
Cash flow from operating activities before changes in operating assets and liabilities	**523.5**	**507,3**
Increase (-)/decrease (+) in loans to the public	1,344.4	-1,738.5
Increase (-)/decrease (+) in other assets	-220.9	-25.6
Increase (+)/decrease (-) in deposits from the public	-2,997.8	2,035.5
Increase (+)/decrease (-) in other liabilities	33.9	-27,2
Cash flow from operating activities	**-1,316.8**	**751,5**
Investing activities		
Investments in bonds and other securities	-222.4	-128.4
Divesments of bonds and other securities	51.2	-
Acquisition of tangible assets	-1.5	-6.0
Gain on liquidation of shares in subsidiary	8.5	-
Cash flow from investing activities	**-164.2**	**-140.4**
Financing activities		
Share issue	199.7	-
Debt securities issued	250.0	-
Repurchase and repayment of debt securities issued	-250.0	-
Interest paid on Additional Tier 1 capital	-27.7	-21.9
Cash flow from financing activities	**172,0**	**-21.9**
Cash and cash equivalents at beginning of the period	**2,523.1**	1,933.9
Cash flow for the period	-1,309.0	589.2
Cash and cash equivalents at end of the period[1]	**1,214.0**	**2,523.1**

1) CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

Cash and balances with central banks	77.6	521.7
Loans to credit institutions	1,136.4	2,001.4
Total cash and cash equivalents in the cash flow statement	**1,214.0**	**2,523.1**

NOTES

Amounts stated in notes are in SEK million unless otherwise stated. Amounts in parentheses refer to the same period prior year.

NOTE 1 GENERAL INFORMATION

Avida Finans AB (publ) with Corporate ID no. 556230-9004, is authorized by the Swedish Financial Supervisory Authority to operate as a credit market company since 2000. Avida conducts business within deposits and lending to private individuals and corporates in Sweden and through its branches in Norway and Finland: Avida Finans AB NUF, corporate no. 990 728 488 and Avida Finans AB, branch in Finland, corporate no. 2541768-9. The company is based in Stockholm, Sweden, and the address of the head office is Magnus Ladulåsgatan 65, Stockholm. The ompany's operations are described in more detail in the management report.

NOTE 2 ACCOUNTING PRINCIPLES

1 STATEMENT OF COMPLIANCE

Avida Finans AB (publ) has prepared its accounts in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the regulatory code issued by the Swedish Financial Supervisory Authority's on Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25), and The Swedish Financial Reporting Board's recommendation RFR2, Accounting for Legal Entities.

RFR 2 requires a legal entity to compile the annual report based on International Financial Reporting Standards (IFRS) and interpretations approved by the EU, to the extent allowed by the Swedish Annual Accounts Act and taking into account the connection between accounting and taxation.

All accounting principles have been applied consistently to all periods presented in the financial reports, unless otherwise stated.

2 CHANGED ACCOUNTING PRINCIPLES

2.1 New and amended standards applied in the financial statements

On January 1, 2023, the IASB's amendment to IAS 1, Presentation of financial statements, entered into force regarding the requirements for information on applied accounting principles.

Avida has reviewed and updated the accounting principles stated in the annual report to reflect the standard's new materiality requirements.

There are no other changes to IFRS or IFRIC that have entered into force in 2023 that have had any significant impact on the company's financial statements or capital adequacy.

2.2 New standards, amendments and interpretations that have not yet been applied

Other new or amended IFRSs, IFRS interpretations and amendments to Swedish regulations issued but which are not yet applied, are not expected to have any significant effect on the Group's financial reports or capital adequacy.

3 SIGNIFICANT ESTIMATES AND JUDGMENTS 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.

3.1 Calculation of expected credit losses

The calculation of expected credit losses is based on forward-looking credit risk models that predict the probability that a loan will default, the loss given default, and the calculated exposure at the time of default. The models are supposed to estimated creidt losses that have not yet occurred, making them inherently uncertain. The calculation contains a number of elements with a high degree of judgment, from the consideration of historical information to prevailing conditions and macroeconomic forecasts. In addition to forward-looking credit risk models, management can also make expert judgments to consider effects that are not captured by the existing credit risk models.

When examining the need for impairment of loan receivables, the most critical assessment is to estimate the loss in case of default (Loss Given Default, LGD). The Company's assessment basis for LGD is described in more detail below under the section.

4 FOREIGN CURRENCLY TRANSLATION

4.1 Functional currency and reporting currency

The financial reports are presented in Swedish Krona (SEK), which is the functional currency and the accounting currency of Avida Finans AB (publ).

4.2 Transactions and balance sheet items

Transactions in a currency other than the local functional currency are converted at the exchange rate that apply on the day of the transaction. Assets and liabilities are translated at the exchange rate on the balance sheet date. Exchange rate gains and losses arising from the payment of transactions and from the translation of assets and liabilities in foreign currency are reported in the income statement under Net result from financial transactions.

In order to minimize the effect of exchange rate differences, Avida uses foreign exchange rate derivatives. These are reported at fair value and the result effect is reported in Net result from financial transactions.

4.3 Translation of foreign operations

Avida Finans AB operates through branches in Norway and Finland. The income statment and financial position of the foreign branches that have a different functional currency than the reporting currency are converted to the reporting currency as follows:

- Assets and liabilities for each of the balance sheets are converted at the exchange rate on the balance sheet date.
- Income and expenses for each of the income statements are converted at the average exchange rate.
- Exchange rates arising from translation are reported in other comprehensive income and accumulated as a separate part of equity.

5 SEGMENT REPORTING

In accordance with IFRS 8, segment information is presented based on the manner in which the chief operating decision maker - the executive management team - monitors operations in Avida. The segments reported are Consumer Finance, Factoring and Corporate loans.

Please refer to note 4 Operating segments for additional information on the segments.

6 FINANCIAL INSTRUMENTS

Financial assets reported in the balance sheet include cash and balances with central banks, treasury bills eligible for repayment, loans to credit institutions, loans to the public and derivatives with positive market values. Financial liabilities include deposits from the public, derivatives with negative market values and subordinated debt.

6.1 Recognition in and derecognition from the balance sheet

A financial asset or liability is recognised in the balance sheet when the Company becomes a party to the contractual agreement of the instrument. A financial asset is derecognised from the balance sheet when the contractual right to receive cash flows from the financial asset expires or when the financial asset is transferred and the Company simultaneously transfers substantially all of the risks and rewards of ownership of the financial asset. A financial liability or portion thereof is derecognised from the balance sheet when the obligation is fulfilled or otherwise extinguished. Acquisition and disposal of financial assets are reported on the business day, which is the day on which the company undertakes to acquire or dispose of the asset. Financial assets and liabilities are offset and the net amount recognised in the balance sheet only when there is a legal right to offset the amounts and an intention to settle the items net or to simultaneously realise the asset and settle the liability.

6.2 Classification and measurement

The classification and measurement of a financial asset is based on an assessment of the Company's business model for acquiring the asset and whether the instrument's contractual cash flows consist of solely payments of principal and interest. As a general rule, financial liabilities are measured at amortised cost, with the exception of financial liabilities that are mandatorily valued at fair value through profit and loss.

Financial assets and liabilities are initially measured at fair value plus transaction costs. The exception is derivatives and instruments that are valued at fair value through profit and loss, which are initially measured at fair value excluding transaction costs.

Financial assets and liabilities recognised at amortised cost

Financial assets recognised at amortised cost are cash and balances with central banks, treasury bills eligible for repayment (except for a money market fund that is recognised at fair value through profit and loss, as described below), loans to credit institutions and loans to the public. These assets are held within the framework of a business model focused on holding the receivables in order to collect contractual cash flows that only contain payments of principal and interest.

All financial liabilities are measured at amortised cost, except for derivative liabilities, which are reported at fair value through profit or loss according to the section below.

Financial assets and liabilities recognised at fair value through profit and loss

A financial asset must be recognised at fair value through profit and loss if the conditions for reporting at amortised cost or at fair value through other comprehensive income are not met. The financial assets and liabilities that are reported at fair value through profit or loss are derivatives, a money market fund in Norway that is included in the item treasury bills eligible for repayment, and an endowment insurance that is included in other assets. Changes in value of these items are reported directly in the income statement under Net result from financial transactions. Transaction costs are expensed directly to the income statement at the time of acquisition.

6.3 Impairment of financial assets

Avida recognises provisions for expected credit losses for financial assets recognised at amortised cost. The expected credit losses reduces the value of an asset in the balance sheet. An initial provision is calculated at initial recognition of the asset and is then continuously adjusted over the lifetime of the asset.

The assessment of expected credit losses is based on a three-stage model for financial assets:

- Stage 1 comprises new assets and assets that have not shown a significant increase in credit risk since initial recognition. In this stage, an amount corresponding to the expected credit loss over the next 12 months is recognised.
- Stage 2 comprises assets where a significant increase in credit risk has occured since initial recognition, but where there is no evidence of credit impairment. In this stage, an amount corresponding to the expected credit loss over the asset's lifetime is recognised.
- Stage 3 comprises assets that are credit impaired. In this stage, an amount corresponding to the expected credit loss over the asset's lifetime is recognised.

Assessment of significant increase in credit risk (stage 2)

To determine whether there has been a significant increase in credit ris, the current probability of default is compared with the probability of default at initial recognition. The change in credit risk is analysed in both relative and absolute terms. Receivables that are more than 30 days late are always considered to have a significant increase in credit risk.

Credit impairment (stage 3)

A credit-impaired asset is a receivable where payment has not been made for more than 90 days, or where there are other indications that repayment of the claim is unlikely. Such indications are, for example, that the borrower has been declared bankrupt, is under reorganisation or debt restructuring, or that the claim has been sent for collection measures.

Calculation of expected credit losses

The calculation of Expected Credit Losses (ECL) is based on historical risk data in combination with forward-looking information. The ECL at a given point in time is the discounted product of the Probability of Default (PD), the Loss Given Default (LGD), and the estimated exposure at Default (EAD). In Business Finance, individual manual assessment of the risk of loss is carried out on an ongoing basis based on available information that is not only obtained from historical risk data. The ongoing assessment includes an updated picture of the counterparty's credit risk and the value of the collateral.

Probability of default (PD)

12-month PD and lifetime PD correspond to the probability of default during the next 12 months and over the remaining maturity of the asset, respectively. PD is calculated by analyzing the historical development of defaults for similar assets. For claims against corporates, Avida uses data from external sources that reflect the risk of default of similar businesses.

Loss given default (LGD)

LGD is the expected credit loss taking into account future recoveries and realisation of collateral. When calculating LGD in Business Finance, the type of collateral available and the value of the collateral are also taken into account. The collateral that Avida has secured consists primarily of credit insurance in factoring and the valuation of these is in accordance with the terms of the credit insurance and the insured portion of outstanding exposure.

Exposure at default (EAD)

EAD is the expected credit exposure at a future day of default, taking into account changes in exposure from payments of principal and interest. For revolving credit facilities and off-balance sheet committments, the expected utilization rate is used when determining EAD.

Forward-looking information

The calculation of expected credit losses also takes into account forward-looking information in the form of macroeconomi scenarios. The macro variables used are unemployment and interest rate changes in the countries where Avida operates. These variables are expected to have a strong correlation and financial significance for credit losses in the consumer segment in particular. Three macro scenarios are used: a base scenario and two scenarios representing more positive and more negative outcomes. The weighting of the three scenarios is 80% for the base scenario and 10% each for the other two scenarios. The macro variables are updated at least annually and affect PD.

Impairment of financial assets with low credit risk

The balance sheet items cash and balances with central banks, loans to credit institutions and treasury bills eligible for repayment consist of receivables against givernments, municipalities and credit institutions. These assets are considered to have a very low credit risk, as all counterparties have an external rating corresponding to investment grade. Avida has chosen to use the simplication option for assets with low credit risk according to IFRS 9, and assume that no significant increase in credit risk has occured on these assets since initial recognition. This assessment is continuously revised. ECL on these assets is calculated over the next 12 months. PD and LGD are based on information from external sources regarding similar counterparties and assets, and EAD is the amortised cost at the reporting date.

6.4 Write-offs

A credit-impaired receivable is written off from the balance sheet either when (i) the receivable is sold, or (ii) the receivable is deemed unrecoverable, which is when the bankruptcy trustee has provided an estimate of the dividends in bankruptcy, debt restructuring has been determined, an arrangement with creditors is approved, the claim is waived in some other way, or when the Enforcement Authority or debt collection agency states that assets to cover the debt do not exist. After a write-off, the receivable is no longer recognised in the Company's balance sheet. Expected credit losses tied to the receviable are reported as a decrease in expected credit losses. Payments on previously written-off receivables are recognised as recoveries in the income statement, reducing the Company's credit losses.

6.5 Modifications

Avida applies certain loan modifications, such as changing the term of the credit and amortization relief, under certain conditions. If agreed cash flows for a loan are renegotiated or otherwise modified, Avida makes an assessment as to whether the change is so significant that the modification leads to derecognition from the balance sheet or if the change results in a modification gain or loss.

A loan is considered modified when the terms and conditions governing cash flows change compared to the original agreement due to, for example, changes in loan terms, changes in market conditions, customer retention measures and other factors unrelated to a borrower's deteriorating creditworthiness. Modified loans are derecognised from the balance sheet and a new loan is recognised either when the existing loan is terminated and a new agreement is entered into with significantly different terms, or if the terms of an existing agreement are significantly modified. Modifications solely due to financial hardship of the borrower, including the waiver of loan terms, are not considered material on their own. A change is considered material when the renegotiated terms mean that the discounted present value of cash flows differs by more than ten percent from the present value according to the original loan agreement.

7 INTANGIBLE ASSETS

Intangible assets in Avida comprise of capitalised development costs and aquired software.

The acquisition value of acquired software is the direct costs incurred when the software was acquired and put into use. These capitalised costs are amortised over the estimated useful life of 5 years.

Expenditure for software development that can be attributed to identifiable assets that are under Avida's control, and which have an expected future economic value, are capitalised and reported as intangible assets. If the work concerns a cloud-based solution, a so-called SaaS (Software as a Service), an assessment is made to what extent these expenses are considered an independent intangible asset or whether they should be expensed when the service is performed. Development costs that are recognised as an asset are written off on a straight-line bassis over the estimated useful life, which is between 5 to 10 years. Costs for maintenance are expensed as incurred.

7.1 Impairment testing of intangible assets

An impairment test of intangible assets is conducted upon indication of depreciation in value. For intangible assets not yet available for use, an impairment test should be conducted annually or when there are indications of impairment. An impairment test is performed in accordance with IAS 36 by comparing the asset's recoverable amount with its carrying amount. Impairments are reported in the income statement.

8 LEASING

Avida's lease contract comprise leased premises. The Company has decided to apply the exceptions in RFR 2 in accounting, meaning that IFRS 16 Leasing agreements is not applied. Costs for leasing agreements are expensed as incurred.

9 INCOME AND EXPENSES

9.1 Net interest income

Net interest income is a central profit item for Avida's operations. It consists of interest income from loans to the public, lending to credit institutions and treasury bills eligible for repayment, net of interest expenses for funding from deposits to the public and subordinated debt.

Interest income and interest expenses are calculated and reported using the effective interest method on financial assets and liabilities measured at amortised cost. The effective interest rate is the rate that exactly discounts all future expected cash flows to the gross carrying amount of an instrument. Calculation of the effective interest rate also includes capitalized fees, such as transaction costs, which were paid or received when the loan was issued and which is included as part of the loan amount.

In addition to interest income and interest expenses, the net interest income also includes government fees such as deposit guarantee scheme fees and resolution fees.

9.2 Net commission income

Net commission income include commission income and expenses related to brokered insurance to customers. These are reported in accordance with IFRS 15 and income is recognised when performance obliations are fulfilled.

9.3 Net result from financial transactions

The item net result from financial transactions comprise realised and unrealised changes in value attributable to financial transactions within the framework of Avida's operations. The item mainly consist of the following:

- Realised and unrealised value changes on derivative instruments,
- Gains and losses on financial assets measured at fair value through profit and loss, and
- Exchange rate differences.

10 TAXES

Taxes are comprised of current tax and deferred tax. Taxes are reported in profit and loss unless the underlying transactions are reported directly against equity, in which case the tax effect is also reported against equity.

Current tax refers to taxes paid or received for the current year, as well as adjustments for current tax attributable to previous periods.

Deferred tax refers to temporary differences between the carrying value of assets and liabilties and their value for tax purposes. Deferred tax assets are only recognised if Avida considers it likely that they will be utilised in the future.

11 EMPLOYEE BENEFITS

The Board of Avida has decided on Avida's remuneration policy, which is published on the website (www.avida.se). The remuneration policy is based on the requirements in FFFS 2011:1.

Avida's compensation system is designed with almost exclusively fixed compensations. Variable compensation can only be paid to a few employees, and only this year's result for an entire business area can generate variable compensation. No individual products can generate variable compensation. No products whose profits that arise only during the later financial year may affect the current year's variable compensation. Commission-based compensation can be paid to sales personnel.

11.1 Salaries and remuneration

Personnel expenses such as salaries and social security contributions are recognised in the period when the employees perform a service for Avida. Personnel expenses and required information are provided in note 9 Personnel costs.

11.2 Pension costs

Avida only has defined contribution pension plans which are a pension plan where the Company pays fixed fees to a separate legal entity. The Company has no legal or informal obligations to pay additional fees if this legal entity does not have sufficient assets to pay all employee benefits that are associated with the employee's duties during the current or previous periods. The Company has no further payment obligations once the fees have been paid. The fees are recognised as the employee earns the pension and are reported inder General administrative expenses.

NOTE 3 RISK MANAGEMENT

3.1 FINANCIAL RISKS AND RISK MANAGEMENT

Avida's risk strategy is directly linked to the business strategy and business model, which means primarily taking on credit risk to generate revenue and the desired return on equity. Avida's operations is exposured to various types of financial risks such as credit risks, market risks and liquidity risks, as well as other risks such as strategic risks and operational risks. In order to limit and control risk-taking in the business, the Company's Board of Directors, which is ultimately responsible for the internal control of the company, has established policies and instructions for risk management and other parts of the business.

Risk management within Avida aims to identify, analyze, measure, monitor, manage and report the risks that exist in the business, to set appropriate restrictions (limits) for these risks and to ensure that there are controls in place to manage these risks.

Risk policies, risk appetite and risk management systems are regularly reviewed and the risk framework is continuously reassessed to cover all risks that Avida chooses to expose itself to. Within the risk appetite, there are established risk limits for all relevant risks. Avida works with external and internal limits, as well as target levels. External limits correspond to regulatory requirements, while internal limits are limits determined by the Board. The target levels signal early warnings for management to act on before limits risk being breached. Any indications of an increased risk or actual limit violations are treated as incidents and addressed promptly.

The risk framework is updated regularly and at least annually as a result of, for example, changed market conditions or changed strategic priorities. Stress tests of all relevant risk exposures are carried out within the framework of the annual Internal capital and liquidity adeuqacy assessment procedure (ICLAAP) to ensure that Avida continuously has sufficient capital and liquidity to be resilient against various unforeseen scenarios. The stress test methods established in the ICLAAP are carried out regularly to monitor the development of risk exposures.

Within Avuda, there is a Risk control function led by the Chief Risk Officer, who is directly subordinate to the CEO and the Board. The task of the Risk function is to compile, analyze and report all of the Company's risks. The risk control function monitors and controls the company's risk management carried out in the business. Avida also has a Compliance function which is led by the Chief Compliance Officer, who also reports directly to the CEO and the Board. The Compliance function is responsible for evaluating the business' compliance with laws, regulations and other relevant rules. Finally, Avida's internal auditors are responsible for reviewing and evaluating that Avida's internal control is appropriate and effective. The function is outsourced to Grant Thornton and reports directly to the Board.

3.2 CREDIT RISK

Credit risk is the risk of a loss as a result of a borrower not fulfilling their payment obligations to Avida. Credit risk also includes counterparty risk and concentration risk.

Credit risk and concentration risk are directly linked to Avida's business model and are thus classified as natural risks that follow from Avida's operations. The Board has decided that Avida should have a low to medium appetite for credit risk. Avida's credit risk arises primarily through loans to the public. The lending portfolio can be divided into the following areas:

Private lending	**Corporate lending**
Unsecured loans	Factoring
Revolving credit facilities	Corporate loans
	Revolving credit facilities

Avida always assesses the creditworthiness of all loan committments and only issue loans to customers who have a repayment capacity and an expected high level of willingness to pay.

Avida's procedures for monitoring credit exposures focus on taking action primarily on overdue payments and unsettled receivables. This aims to minimize credit losses at an early stage through the early detection of payment problems with the borrowers and a quick processing of claims.

3.2.1 PRIVATE LENDING

Private loans are unsecured loans with annuity payments to private individuals in Sweden, Norway and Finland of a maximum of SEK 500 thousand/NOK 500 thousand/EUR 50 thousand and with maturities of between 1-15 years. Revolving credits are loans where the borrower is granted a credit limit that can be reused after repayment.

Avida uses automatic processes when granting credit. This includes evaluation of repayment capacity, willingness to pay and adequate customer due diligence processes. The automatic processes are designed specifically for each country. Scoring takes into account both internal and external information about the borrower, such as payment and application history. Credit decisions are made automatically based on rules set by Avida's credit and pricing committee. Decisions that cannot be made according to these rules are forwarded to a credit officer who makes a decision in accordance with instructions and given mandate. The decisions are followed up and analyzed on an ongoing basis by Avida's credit department, which continuously makes recommendations for improvements.

All loans are handled internally until Avida either sells past due loans, thereby and thereby realises, or retains past due loans as a fully or partially provisioned receivable in the balance sheet.

3.2.2 CORPORATE LENDING

Corporate lending consists of the products factoring, corporate loans and revolving credits. Factoring refers to the purchase or lending of invoices with or without right of recourse. The maturity is generally short, with an average term of 30 days. In a longer historical perspective, apart from 2022, Avida has a good track record of low credit losses in factoring as a result of careful monitoring of payment flows and management of credit risk and counterparty exposures. Corporate loans and revolving credit facilities are customized credits within the framework of Avida's risk appetite. The loans can be issued with or without collateral, with or without amortization and normally have a term of 1-5 years.

Lending within the corporate segment is always preceded by an individual analysis of the purpose of the loan, repayment capacity, market risk, as well as an analysis of the business including sensitivity tests, collateral documents and company and ownership structure. Credit decisions are made by the credit committee. When lending to companies, Avida obtains collateral that can manage and minimize the loss in the event of non-payment. The vast majority of these collaterals consist of credit insurance in factoring and business mortgages in lending to companies.

3.2.3 OTHER FINANCIAL ASSETS

Other financial assets consist of bank accounts with credit institutions, balances with central banks and bonds with a very good credit rating, mainly government and municipal bonds. These assets contribute to a smaller part of Avida's return but form a necessary part of the business based on the management of liquidity risk and market risk.

Other financial assets are valued at amortised cost, except for a money market fund in Norway that is valued at fair value. Fair value affects the result directly as a result of changes in the risk appetite for credit risk in the market, i.e. the credit spread risk. Avida can only affect this risk by changing the exposure to these assets. Avida therefore holds capital for credit spread risk in Pillar 2 according to standard rules. Counterparty risk also arises in this area. Avida has entered into ISDA agreements with a CSA appendix with daily adjustment of collateral to eliminate the counterparty risk. Avida's assessment is that the credit risk in other assets is very low and in line with the risk appetite for these assets.

3.2.4 COLLATERAL

Collateral limits credit risk by reducing Avida's exposure in the event of a borrower's default.

Within business lending, collateral is obtained for both corporate loans and factoring. Collateral for corporate loans and revolving credit facilities primarily consists of unlisted shares, corporate mortgages and mortgages on real estate. In factoring, credit insurance is used to limit the effects of a default. For claims that are credit insured, the remaining exposure is 5 to 10 per cent of the amount of the purchased invoice.

All lending to private individuals is without collateral.

3.2.5 CONCENTRATION RISK

Avida continuously monitors exposures to larger individual counterparties. In order to manage the concentration risk towards individual counterparties, Avida has limits on how large engagements are permitted. Avida has a good spread across several countries, which reduces the risk of concentration. Corporate lending also has a good industry spread of risk exposures. Private lending is distributed over a large number of customers, which means that the concentration risk is

MAXIMUM EXPOSURE TO CREDIT RISK

The table below presents Avida's maximum exposure to credit risk and the value of collateral for financial assets.

31 Dec 2023	Credit risk exposure, gross	Provision for credit losses	Carrying value	Value of collateral	Credit risk exposure, net
Cash and balances with central banks	77.6		77.6		**77.6**
Treasury bills eligible for repayment	837,0		837,0		**837,0**
Loans to credit institutions	1,136.6	-0.1	1,136.4		**1,136.4**
Loans to the public	12,601.6	-928.5	11,673.0	1,273.8	**10,399.2**
Total	**14,652.8**	**-928.6**	**13,724,0**	**1,273.8**	**12,450,2**

31 Dec 2022	Credit risk exposure, gross	Provision for credit losses	Carrying value	Value of collateral	Credit risk exposure, net
Cash and balances with central banks	521.7		521.7		**521.7**
Treasury bills eligible for repayment	671.4		671.4		**671.4**
Loans to credit institutions	2,008.3		2,008.3		**2,008.3**
Loans to the public	17 172,5	-1,275.3	15,897.2	1,347.4	**14,549.8**
Total	**20 373,9**	**-1,275.3**	**19,098.6**	**1,347.4**	**17,751.2**

REPORTED GROSS VALUE PER CREDIT RISK RATING

The table presents Avida's credit portfolio divided into low, medium, and high risk. The credit risk ratings are low, medium, and high credit risk and are categorised based on the category to which the lending belongs based on the probability of default.

Avida has made the assessment of cash and balances with central banks, treasury bills and lending to credit institutions, to belong to the category of low risk corresponding to investment grade or similar according to Standard and Poor's or Moody's scale for counterparty risk.

The credit risk rating for lending to corporates is based on the counterparty's risk class according to Avida's corporate risk rating and credit ratings from Dun and Bradstreet. The risk classes and credit ratings of Dun and Bradstreet are directly linked to the probability of default.

Lending to the public includes Avida's lending to private individuals. The risk categorisation is divided according to the probability of default in accordance with Avida's risk scale. Low risk has a PD below 5% and high risk has a PD above 15%.

The table below shows the reported gross value per credit risk rating.

31 Dec 2023	Steg 1	Steg 2	Steg 3	Summa
Cash and balances with central banks				
Low risk	77.6			**77.6**
Total	**77.6**			**77.6**
Treasury bills eligible for repayment				
Low risk	833.9			**833.9**
Total	**833.9**			**833.9**
Loans to credit institutions				
Low risk	1,136.6			**1,136.6**
Total	**1,136.6**			**1,136.6**
Lending to Companies				
Low risk	1,352.0	13.5		**1,365.5**
Medium Risk	1,589.4	15.9		**1,605.2**
High risk	11.9	77.7		**89.6**
Defaulted Receivables			62.9	**62.9**
Total	**2,953.2**	**107.1**	**62.9**	**3,123.2**
Loans to the public				
Low risk	5,090.8	20.0		**5,110.9**
Medium Risk	746.6	111.5		**858.2**
High risk	168.4	385.7		**554.0**
Defaulted Receivables			1,798.2	**1,798.2**
Total	**6,005.8**	**517.2**	**1,798.2**	**8,321.2**

31 Dec 2022	Steg 1	Steg 2	Steg 3	Summa
Cash and balances with central banks				
Low risk	521.7			**521.7**
Total	**521.7**			**521.7**
Mortgageable Government Bonds				
Low risk	671.4			**671.4**
Total	**671.4**			**671.4**
Loans to Credit Institutions				

31 Dec 2022	Steg 1	Steg 2	Steg 3	Summa
Low risk	2,008.3			2,008.3
Total	**2,008.3**			**2,008.3**
Lending to Companies				
Low risk				3,129.1
Medium risk				242.9
High risk				100.3
Defaulted Receivables				
Total				**3,473.7**
Loans to the Public				
Low risk				6,038.5
Medium risk				1,314.6
High risk				697.5
Defaulted Receivables				2,125.7
Total				**10,176.4**

3.3 LIQUIDITY RISK

Liquidity risk is the risk that Avida may have difficulties fulfilling its payment obligations at the due date without a significantly increased cost. Avida has a low risk appetite for liquidity risk.. The greatest liquidity risk is expected to arise if many deposit customers simultaneously choose to withdraw their savings.ta ut sina sparpengar. Other liquidity risks that have been identified are: unexpected liquidity outflows from unused limits, approved but not yet paid out loan commitments, and unexpected liquidity outflows from Avida's counterparty risk management of currency derivatives.To manage a situation of increased liquidity pressures, Avida can adjust deposit rates to attract inflows from the public, reduce the rate of lending or issue bonds or equity instruments.

AAvida has a contingency plan to handle any disruptions that may affect liquidity. Avida's Board of Directors has decided that a certain proportion of deposits from the public should be available in a special buffer of liquid assets, the so-called liquidity reserve.

Avida set specific requirements on liquid assets, e.g. that these may only consist of available funds that are not claimed as collateral. The liquidity reserve consists of bank funds provided that such balances are available on the next banking day, bonds against governments and municipalities and balances with central banks. Avida's liquidity reserve is presented in the table below.

LIQUIDITY RESERVE	31 Dec 2023	31 Dec 2022
Cash and Balances with Central Banks	77,6	521,7
Loans to Credit Institutions	1 136,4	2 001,4
Securities Issued by Government and Municipality	837,0	671,4
Total	**2 051,1**	**3 194,4**

Management, planning and monitoring of liquidity is centralised to Avida's Treasury function. Liquidity is monitored and reported on a daily basis, including by calculating the liquidity coverage ratio.

Avida's funding base mainly consists of deposits from the public in SEK, NOK and EUR, as well as a smaller part of bonds and equity. statliga insättningsgarantin. In principle, all deposits from the public are covered by the government deposit guarantee.

The table below shows Avida's funding base.

SOURCES OF FUNDING	31 Dec 2023	31 Dec 2022
Borrowing and Credit from the Public	10 930,3	13 928,0
Subordinated Debt	249,7	248,9
Additional Tier 1 capital	199,4	198,0
Other Equity	1 387,5	1 201,9
Total	**12 766,9**	**15 576,8**

As a credit institution, Avida is subject to regulations and legislation regarding liquidity requirements. Short-term payment readiness is measured by the Liquidity Coverage Ratio (LCR), in which the liquidity reserve is set in relation to stressed liquidity outflows over 30 days. As of 31 December 2023, the LCR measure was 313.7% (298.8), compared to the regulatory requirement of 100 per cent. The long-term financing capacity is reflected by the net stable funding ratio, NSFR), where available stable funding is compared to the need for stable funding in a stressed scenario. As of 31 December 2023, NSFR amounted to 128.6% (126.8), compared to the regulatory requirement of 100 per cent. Avida's survival horizon is also stress tested at least annually in the process of internal capital and liquidity evaluation (ICAAP/ILAAP).

FINANCIAL ASSETS AND LIABILITIES

The table shows discounted values of the company's financial assets and liabilities divided by the time that remains on the balance sheet date until the first contractual maturity date.

31 Dec 2023	PAID ON DEMAND	<3 momths	3-12 months	1-5 years	>5 years	Total
Assets						
Cash and balances with central banks	77.6					**77.6**
Treasury bills eligible for repayment	157.4	101.7		577.9		**837**
Loans to credit institutions	1,136.4					**1,136.4**
Loans to the public	325.4	2,077.1	1,156.3	3,661.5	3,295.9	**10,515.9**
Other assets		397.5				**397.5**
Total assets	**2,851.5**	**2,033.5**	**1,074.6**	**3,980.9**	**3,063.2**	**13,003.8**
Liabilities						
Borrowing and Credit from the Public	9,589.8	56.7	1,281.0	2.7		**10,930.3**
Subordinated Debt		189.7	7.8			**197.5**
Other Financial Liabilities					249.7	**249.7**
Total Financial Liabilities	**9,589.8**	**246.5**	**1,288.8**	**2.7**	**249.7**	**11,377.6**

31 Dec 2022	PAID ON DEMAND	<3 months	3-12 months	1-5 years	>5 years	Total
Assets						
Cash and Balances with Central Banks	521,7					**521,7**
Mortgageable Government Bonds	162,2	51,1		458,1		**671,4**
Loans to Credit Institutions	2 001,4					**2 001,4**
Loans to the Public	1 501,9	2 344,1	992,7	3 691,1	3 843,6	**12 373,4**
Other Financial Assets		143,0				**143,0**
Total Financial Assets	**4 187,2**	**2 538,1**	**992,7**	**4 149,2**	**3 843,6**	**15 710,8**
Liabilities						
Borrowing and Credit from the Public	9 367,3	752,3	3 808,4			**13 928,0**
Subordinated Debt					248,9	**248,9**
Other Financial Liabilities		134,0				**134,0**
Total Financial liabilities	**9 367,3**	**886,4**	**3 808,4**	**0,0**	**248,9**	**14 311,0**

3.4 MARKET RISK

Market risk is the risk of losses as a result of changes in exchange rates, interest rates or other rate-related instruments. Avida exposes itself to exchange rate risk and interest rate risk in the business. The risk appetite for market risk is very low and is a natural consequence of Avida's business. Market risk is managed by the Treasury function led by Avida's CFO. Market risks are measured monthly and quarterly in internal and external reporting.

3.4.1 EXCHANGE RATE RISK

VExchange rate risk is the risk that Avida will incur losses due to exchange rate changes.Exchange rate risks arise primarily through the existence of an imbalance between assets and liabilities in different currencies, which creates a translation risk. Avida has financing in SEK, NOK and EUR and an asset base in SEK, NOK, EUR, DKK, GBP, USD, PLN and CHF.

When revaluating the balance sheet items, there is a risk of negative exchange rate effects that affect the income statement. Avida's manages exchange rate risk through foreign exchange forwards and by creating a natural match between currency exposures in the balance sheet.

3.4.2 INTEREST RATE RISK

Interest rate risk is the risk that Avida's net interest rate will deteriorate due to changes in market interest rates.Interest rate risk arises when there is no matching in interest rate fixing time between liabilities and assets.For the most part, Avida has both financing and assets with relatively short fixed interest periods, which naturally reduces the interest rate risk.Avida is exposed to the Swedish, Norwegian and European interest markets, which results in interest rate diversification that Avida strategically strives for. Avida works actively to monitor interest rate risk, control exposure to interest rate risk and to price interest rate risk when it arises. Avida's interest rate risk is primarily driven from the business loans with fixed interest rates and government bonds, as these types of assets lack fixed interest-matching financing.

Avida's strategy is to have limited exposure to interest rate risk.

CURRENCY EXPOSURE PER CURRENCY

The table illustrates the eff ect on the key fi gures of a percentage change in exchange rates

	31 Dec 2023			31 Dec 2022		
Total currency distribution on the balance sheet date	**EUR**	**NOK**	**Övriga**	**EUR**	**NOK**	**Övriga**
Assets	4,121.4	1,815.10	313.2	5,614.7	2,095.7	305.7
Liabilities	-5,245.4	-1,035.9	0.0	-7,068.5	-1,791.1	0.0
Total	**-1,124.0**	**779.2**	**313.2**	**-1,453.8**	**298.6**	**305.7**
Foreign Exchange Forwards	1,075,7	-789.7	-309.7	1,453.3	-253.9	-298.1
Net Position in Currency	**-48.2**	**-10.5**	**3.5**	**-0.5**	**44.8**	**7.6**

EXCHANGE RATE RISK

The table illustrates the eff ect on the key fi gures of a percentage change in exchange rates

	Finacial measure	**Change**	**31 Dec 2023**	**31 Dec 2022**
Change in exchange rate SEK-EUR	Profi t/loss before tax	+/- 10 procent	7,5	8,4
	Change in equity	+/- 10 procent	6,0	6,6
Change in exchange rate SEK-EUR	Profi t/loss before tax	+/- 10 procent	20,2	14,6
	Change in equity	+/- 10 procent	16,0	11,6

MARKET AND INTEREST RATE RISK FOR LOANS AND DEPOSITS

The table below illustrates the estimated effects on key ratios as a result of changes in interest rate conditions.

	Financial Meas-ure	**Change**	**31 Dec 2023**	**31 Dec 2022**
Risks in Deposits from the Public				
Change in Deposit Interest Rate	Profit/loss before Tax	+/- 1 per cent	120,8	128,4
	Eget kapital	+/- 1 per cent	95,9	102,0
Risks in Loans to Credit Institutions				
Change in Lending Interest Rate	Profit/loss before Tax	+/- 1 per centt	116,5	120,4
	Eget kapital	+/- 1 per cent	92,5	95,6
Risks in Loans to Credit Institutions				

3.5 OPERATIONAL RISKS

Operational risk is the risk of direct or indirect losses due to incorrect or inappropriate internal processes and procedures.The risk also includes human errors, system errors and external irregularities.

The area of operational risk also includes legal and regulatory compliance risks and the risk of money laundering or other types of sanctions.

Avida's risk appetite for operational risks is low, but a certain level of risk needs to be tolerated as there are no realistic opportunities to completely eliminate the risks.This means that operational risks should be minimised as far as cost-effectively possible. Avida defines its essential processes together with process owners who carry out risk identifications at least once a year. These describe the operational risks that Avida sees within the respective processes.

Then each identified risk is defined in terms of its inherent risk (before risk management), risk management and residual risk (after risk management). Avida defines and validates risk management using risk controls that are also assessed based on their efficiency (how frequently the control is carried out) and design (how well the control manages the risk).

The weighted picture creates a framework for Avida's risk management of operational risks where the risks that exceed specific threshold values are discussed separately. or areas with high risk values are focused on with risk management efforts that deal with the specific risk.

NOTE 4 OPERATING SEGMENTS

Reporting of operating segments is prepared based on the manner in which the chief operating decision maker monitors operations in Avida. The segments are aggregated based on a customer perspective, where Consumer Finance refers to lending to private individuals. Factoring refers to invoice purchases from companies and Corporate Loans refers to company loans. The category ”Other” includes an old run-off portfolio of consumer loans as well as company-wide items.

The performance measure that is followed up at the segment level is profit before tax. For the balance sheet, only lending volume is monitored. The income statements for the segments follows the statutory income statement form for Total operating income, except for the item Total risk-adjusted operating income, which is the total income of each segment adjusted for credit losses. Each segment bears a portion of total interest expenses based on lending volume and estimated funding cost. Within net interest income, some items are classified as interest income in the statutory report, while in the management reporting they are reported as interest expenses. Net interest is, however, unchanged.

2023	Consumer Finance	Factoring	Corporate Loans	Total
Interest income	915,1	244.6	127.5	1,287.1
Interest expenses	-299,8	-82,0	-41,8	-423,6
Net interest income	615,2	162,6	85,7	863.5
Net commission income	22.0	0.0	0.0	22.0
Net result from financial transactions	16,4	0.0	0.0	16.4
Total operating income	653,6	162,6	85,7	901.9
Credit losses, net	-505,9	8.6	-15.8	-513.1
Total risk-adjusted net operating income	147,7	171.2	69,9	388.8
Operating expenses	-238.0	-101.4	-30.6	-370.0
Profit before tax	-90.3	69.8	39,3	18.8
Loans to the public	7,485.6	2,144.4	885.9	10 515,9

2022	Consumer Finance	Factoring	Corporate Loans	Total
Interest income	766.2	174.9	84.8	1,012.6
Interest expenses	-143,5	-29.7	-20.9	-180.9
Net interest income	622.7	145.2	63.9	831.7
Net commission income	22.9	0.0	0.0	22.9
Net result from financial transactions	6.7	0.0	0.0	6.7
Total operating income	652.4	145.2	63.9	861.4
Credit losses, net	-390.0	-30.4	-11.4	-431.7
Total risk-adjusted net operating income	262.4	114.8	52.5	429.7
Operating expenses	-223.4	-99.2	-21.9	-344.5
Profit before tax	39.0	15,6	30.6	85.2
Loans to the public	9 213,5	2,027,8	1,133.5	12,374,4

GEOGRAPHICAL INFORMATION	2023				2022			
	Sweden	Norway	Finland	Total	Sweden	Norway	Finland	Total
Total operating income	403.1	135.1	363.8	901.9	501.6	104.4	255.3	861.4
Loans to the public	6,019.0	1,653.5	2,843.4	10,515.9	7,242.9	1,846.4	3,284.1	12,373.4

NOTE 5 NET INTEREST INCOME

	2023	2022
Loans to credit institutions and cash and balances with central banks	34.8	10.2
Bonds and other interest-bearing securities	15.4	2.5
Loans to the public	1,235.7	1,012.5
Other interest income	1.2	0.6
Total interest income	**1,287.1**	**1,025.8**
Liabilities to credit institutions	-11.2	-15.7
Deposits from the public	-381.6	-156.5
Subordinated debt	-27.0	-18.4
Other interest expenses	-3.8	-3.4
Total interest expenses	**-423.6**	**-194.1**
Net interest income	**863.5**	**831.7**

In the above note, the company has specified the breakdown of interest income as well as interest expenses.
Within total interest income, additional information relating to loans to credit institutions and cash and balances with central banks has been reported separately, this was previously reported under Other. Within total interest expenses, Liabilities to credit institutions and Subordinated liabilities have been reported separately, these amounts were previously reported partly under Other interest expenses and partly under interest-bearing liabilities. Part of the total under interest-bearing liabilities has been classified as Borrowing and lending from the public.

NOTE 6 NET COMMISSION INCOME

	2023	2022
Commission income from brokered insurance	22,0	22,9
Total commission income	**22,0**	**22,9**
Net commission income	**22,0**	**22,9**

NOT 7 NET RESULT FROM FINANCIAL TRANSACTIONS

	2023	2022
Change in value of foreign exchange forward contracts	-74,7	-6,4
forward contracts	72,0	9,9
Nettoresultat från finansiella tillgångar värderade till verkligt värde via resultatet	6,1	1,1
Summa	**3,3**	**4,7**

Compared with previous years, the above note has been reclassified from Valuation of LCR fund at fair value through profit or loss to Net income from financial assets measrued at fair value through profit or loss.

NOT 8 GENERAL ADMINISTRATIVE EXPENSES, CONT

SALARIES AND REMUNERATION	2023	2022
Salaries and remuneration		
Board and CEO	5.4	5,4
Other employees	101.7	101,5
Total salaries and remuneration	**107.2**	**107,0**
Employees taxes	32.3	31,0
Pensions costs		
Board and CEO	0.6	1,2
Other employees	15.8	14,1
Total pensions cost	**155.9**	**153,2**
Other staff costs	14.0	6,4
Total staff costs	**169.9**	**159,6**

AVERAGE NUMBER OF EMPLOYEES	2023	2022
Sweden	120	136
Norway	14	-
Finland	12	-
Total number	**146**	**136**

GENDER DISTRIBUTION BOARD AND EXECUTIVES	2023			2022		
	Female	**Male**	**Total**	**Female**	**Male**	**Total**
Senior executives	3	5	**8**	3	3	**7**
Board	2	4	**6**	3	4	**7**

REMUNERATION TO SENIOR EXECUTIVES 2023	Basic sala-ry/fees	Variable compen-sation	Other benefits	Pension costs	Total
Tine Wollebeck (CEO)	4.6	-	-	0.6	**5.2**
Celina Midelfart (styrelseledamot)	-	-	-	-	**-**
Geir Olsen (styrelseledamot)	-	-	-	-	**-**
Varun Khanna (styrelseledamot)	-	-	-	-	**-**
Daniel Knottenbelt (styrelseledamot)	-	-	-	-	**-**
Vaibhav Piplapure (styrelseledamot)	-	-	-	-	**-**
Teresa Robson-Capps (styrelseledamot)	0.8	-	-	-	**0.8**
Total	**5.4**	**-**	**-**	**0.6**	**6.0**

REMUNERATION TO SENIOR EXECUTIVES 2022	Basic sala-ry/fees	Variable compen-sation	Other benefits	Pension costs	Total
Tine Wollebeck (CEO)	4,9	2,2	-	1,9	**9,0**
Celina Midelfart (styrelseledamot)	-	-	-	-	**-**
Geir Olsen (styrelseledamot)	-	-	-	-	**-**
Varun Khanna (styrelseledamot)	-	-	-	-	**-**
Daniel Knottenbelt (styrelseledamot)	-	-	-	-	**-**
Vaibhav Piplapure (styrelseledamot)	-	-	-	-	**-**
Teresa Robson-Capps (styrelseledamot)	0,8	-	-	-	**0,8**

VARIABLE REMUNERATION

The additional variable remuneration is paid in relation to individual target fulfi lment of the revenue and earnings targets set for the year. The targets are set annually by the Board. Information about the Company's compensation policy in accordance with the disclosure requirements in FFFS 2011:1 can be found on the Company's website www.avida.se.

PENSIONS

All employees' pensions are secured through defined contribution plans, which means that the financial year's cost of pensions corresponds in its entirety to pensionable benefits.

TERMINATION PERIODS AND SEVERANCE PAY

The CEO is employed by Avida Finans AB (publ). According to the agreement between Avida Finans AB and the CEO, the notice period is 6 months. There is an agreement on severance pay for the CEO corresponding to 12 months' salary after the notice period.

LOANS TO SENIOR EXECUTIVES

There are no loans to senior executives.

NOTE 9 GENERAL ADMINISTRATIVE EXPENSES

	2023	2022
Personnel costs	169,9	159,6
Cost for premises	12,7	10,5
IT/data	46,8	31,9
Audit Fees	4,1	5,5
Consulting fees and other external services	75,4	100,3
Marketing costs	3,8	3,9
Other administrative expenses	24,0	23,4
Total other costs	**360,9**	**335,1**

REMUNERATION TO AUDITORS	2023	2022
Deloitte		
Audit assignment	4,1	5,0
Audit activities in addition to the audit assignment	-	0,5
Tax advice	-	-
Other services	-	-
Total Deloitte	**4,1**	**5,5**

NOT 10 CREDIT LOSSES, NET

	2023	2022
Loans to the public		
Provisions - Stage 1	33,3	-3,1
Provisions - Stage 2	39,8	-45,9
Provisions - Stage 3	266,2	-357,5
Total provisions	**339,3**	**-406,6**
Write-offs	-1 287,1	-31,5
Recovered fi nancial assets	434,2	6,0
Total credit losses from loans to the public	**-513,5**	**-432,1**
Loans to credit institutions		
Provisions - Stage 1	0,4	-1,4
Total credit losses from loans to credit institution	**0,4**	**-1,4**
Total credit losses. net	**-513,1**	**-431,7**

NOT 11 TAX ON ANNUAL PROFIT/LOSST

	2023	2022
Current tax on annual profi t/loss	-7,9	21.9
Adjustment of tax relating to previous year	0,8	-0.2
Deferred tax revenue	0,2	0.2
Tax on annual profi t/loss	**-6,9**	**-22.0**
Eff ective tax reconciliation		
Reported earnings before tax	18,8	85.2
Tax according to current tax rate	-3,9	-17.6
Diff erence in Foreign Tax Rates	0,8	-0.4
Tax eff ect of non-deductible costs	-3,1	-4.0
Tax eff ect of non-taxable revenue	-	-
Tax eff ect not valued defi cit deduction	-	-
Tax eff ect of loss carry forwards	-	-
Tax eff ect on earnings for previous years	-0,9	-0.3
Deferred tax	0,2	0.2
Tax on annual profi t/loss according	**-6,9**	**-22.0**
Tax reported in the balance sheet		
Current tax asset	37,1	35.3
Deferred tax liability	-	-

NOT 12 TREASURY BILLS ELIGIBLE FOR REPAYMENT

	31 dec 2023	31 dec 2022
Loanable municipal bonds	224,6	162,2
Other loanable bonds	612,5	509,1

NOT 13 LOANS TO THE PUBLIC

	31 dec 2023	31 dec 2022
Loans to the public, gross	11,444.4	**13,650,1**
of which are Stage 1	8,959.1	10,579,0
of which are Stage 2	624.2	844.4
of which are Stage 3	1 861.1	2,226,7
Total provisions	**-928.5**	**-1,275.3**
of which are Stage 1	-74.6	-100.9
of which are Stage 2	-63.8	-103.6
of which are Stage 3	-790.1	-1,070.8
Loans to the public, net	**10,515.9**	**12,374.8**

CHANGE IN REPORTED GROSS VALUE AND LOSS RESERVES IN 2023

SEK million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount, 1 Jan 2023	**10,576.8**	**844.4**	**2,227.5**	**13,648.7**
New financial assets	3,757.9	116.5	136.9	**4,011.3**
Derecognised financial assets	-3,624.1	-251.6	-1,350.2	**-5,225.9**
From stage 1 to stage 2	-364.2	343.2		**-21.0**
From stage 1 to stage 3	-662.6		646.2	**-16.3**
From stage 2 to stage 1	101.5	-115.2		**-13.7**
From stage 2 to stage 3		-276.3	267.6	**-8.7**
From stage 3 to stage 1	1.2		-2.2	**-1.0**
From stage 3 to stage 2		0.9	-4.3	**-3.5**
Changes due to expert assessments (individual assess-ments, manual adjustments*	-764.2	-25.9	-37.8	**-827.9**
Exchange-rate differences	-63.2	-11.6	-22.7	**-97.6**
Gross carrying amount, 31 December 2023	**8,959.1**	**624.2**	**1,861.1**	**11,444.4**

*Loans that have remained in the same stage over the period, and have either been paid off or changed for other reservation reasons.

SEK million	Steg 1	Steg 2	Steg 3	Summa
Provision for credit losses, 1 Jan 2023	**100.9**	**103.6**	**1,070.8**	**1,275.3**
New financial assets	34.9	13.5	74.9	**123.3**
Derecognised financial assets	-25.2	-23.8	-709.7	**-758.7**
From stage 1 to stage 2	-8.8	55.2		**46.4**
From stage 1 to stage 3	-20.5		258.0	**237.4**
From stage 2 to stage 1	3.2	-14.3		**-11.1**
From stage 2 to stage 3		-48.1	111.1	**63.0**
From stage 3 to stage 1	0.0		-0.5	**-0.5**
From stage 3 to stage 2		0.1	-3.5	**-3.5**
Changes in risk factors (PD, EAD, LGD)	-9.0	-2.6	8.7	**-2.9**
Changes due to expert assessments (individual assess-ments, manual adjustments) *	0.0	-19.2	-12.0	**-31.2**
Exchange-rate differences	-0.9	-0.5	-7.7	**-9.2**
Provision for credit losses, 31 Dec 2023	**74.6**	**63.8**	**790.1**	**928.5**

*Expert adjustment provisions are made for consumer credits in order to comply with IFRS9 statutory accounting principies.

DEVELOPMENT OF EXPOSURES AND RESERVES DURING THE YEAR

The development of loan loss reserves in Stage 1 in relation to Consumer Finance in 2023 is partly due to a decrease in total portfolio volume driven by current amortisation and redemption of loans, and a lower credit risk appetite that was established in the latter part of the year. Although new loans were originated, credit volumes were affected in a larger way by repayment of existing loans.

For strategic reasons and partly due to the change in the rest of the world Avida has chosen to reduce new lending for a period in 2023 to update and improve the quality of credit risk models implemented towards the end of 2023 and therefore has a non-material impact on 2023.

Compared to Consumer Finance, Business Finance has been less likely to affect the reduction of credit loss provisions in stage 1. This is driven by a stable development for factoring and corporate loans during the year. The decrease in reserves in phase 2 is primarily affected by Consumer Finance and partly tied to a lower volume in stage 1 but primarily due to a lower reserve ratio in stage 2 for Sweden and Finland, which had a temporary increase in macro assumptions in 2022. The model's macro effect in stage 2 was reversed in 2023 though effects were judged to be overestimated. The big change in volume in Stage 3 relates mainly to the sale of two portfolios of non-performing loans in Sweden and one portfolio in Finland, this together decreased the overall reserves. The decrease was, however, offset by a continued inflow of new volumes in Consumer Finance stage 3. The reserve ratio in Consumer Finance has increased slightly, driven by the deteriorating underlying macro situation. In total, however, the decrease in the reserve ratio has been affected by portfolio sales and Business finance increased share of total portfolios.

CHANGE IN GROSS CARRYING AMOUNT AND PROVISIONS

	Stage 1	Stage 2	Stage 3	Amount
Gross carrying amount, 1 Jan 2022	**9,941.9**	**466.4**	**1,515.2**	**11,923.5**
New financial assets	5,076.3	222.4	161.0	**5,459.7**
Derecognised financial assets	-3,153.3	-99.2	-146.1	**-3,398.6**
From stage 1 to stage 2	-558.0	538.2		**-19.8**
From stage 1 to stage 3	-474.4		511.2	**36.9**
From stage 2 to stage 1	73.9	-83.8		**-9.9**
From stage 2 to stage 3		-214.8	231.1	**16.3**
From stage 3 to stage 1	9.4		-10.2	**-0.8**
From stage 3 to stage 2		6.3	-6.6	**-0.3**
Changes that are not derecognised financial assets	-589.0	-6.0	-50.6	**-645.7**
Exchange-rate differences	250.0	15.0	22.5	**287.5**
Gross carrying amount, 31 Dec 2022	**10,576.8**	**844.4**	**2,227.5**	**13,648.7**

	Stage 1	Stage 2	Stage 3	Amount
Provision for credit losses, 1 Jan 2022	**95.5**	**55.2**	**700.2**	**850.9**
New financial assets	54.3	26.4	94.3	**175.0**
Derecognised financial assets	-17.7	-5.5	-49.2	**-72.3**
From stage 1 to stage 2	-7.9	63.7		**55.8**
From stage 1 to stage 3	-12.5		220.3	**207.8**
From stage 2 to stage 1	2.8	-9.3		**-6.5**
From stage 2 to stage 3		-32.4	103.2	**70.8**
From stage 3 to stage 1	0.3		-4.2	**-3.9**
From stage 3 to stage 2		1.1	-2.7	**-1.6**
Changes in risk factors (PD, EAD, LGD)	18.1	2.6	-5.1	**15.5**
ents (individual assessments, manual adjustments)	-35.0	0.0	4.7	**-30.3**
Exchange-rate differences	3.0	1.7	9.5	**14.1**
Provision for credit losses, 31 Dec 2022	**100.9**	**103.6**	**1,070.8**	**1,275.3**

FORWARD LOOKING INFORMATION

Avida's macro model consists of 80% of a baseline scenario based on projections of unemployment from external institutions and the policy rate.

In addition, an optimistic scenario is modelled in which unemployment and the policy rate is lower than in the baseline for a period and a pessimistic scenario in which unemployment and the policy rate are higher than the baseline.

After the period, the curves converge back to the baseline scenario.

The weighting between scenarios has not changed during the year, as the baseline includes a forward-looking outlook based on the macro-economic factors and has also been updated with the new forecasts.

Forecasts for input parameters are updated on an annual basis. The graphs illustrate the base scenario and how the two factors (unemployment and the policy rate) differ in the different forecasts. During the year, no update of the macro model was made based that the scenario weighting still considered reasonable. A new macro model will be implemented in 2024.

BASE SCENARIO

	2023		
	2022	**2023**	**2024**
Sweden			
Unemployment	7,9%	8,1%	7,9%
Interest rate	2,4%	2,1%	1,8%
Norway			
Unemployment	3,6%	3,7%	4,2%
Interest rate	3,1%	2,7%	2,4%
Finland			
Unemployment	6,9%	6,8%	6,8%
Interest rate	2,7%	2,7%	2,7%

NOT 14 INTANGIBLE ASSETS

	31 dec 2023	31 dec 2022
Opening acquisition value	95,3	93.4
This year's investments	20.2	20.5
This year's decommissioned	-	-18.6
intangible assets	**115,5**	**95.3**
Opening acquisition value	-52	-62.5
Depreciation for the year	-7.2	-8.1
Recovery of depreciation on	-	18.6
decommissioned intangible assets	**-38.6**	**-52.0**
Closing carrying amount	**56.3**	**43.3**

Intangible assets consist of capitalised development costs and acquired software.

NOT 15 TANGIBLE ASSETS

	31 dec 2023	31 dec 2022
Opening acquisition value	21.8	15.9
This year's investments	1.5	6.0
This year's sales	-	-
Anskaffningsvärde	**23.4**	**21.8**
Opening acquisition value	-16.6	-14.6
Depreciation for the year	-1.8	-2.0
This year's sales	-	-
Closing depreciation	**-18.4**	**-16.6**
Closing carrying amount	**5.0**	**5.3**

Tangible assets consist of computers and office furniture.

NOTE 16 LEASING

Avida Finans AB (publ) has chosen to apply the exceptions in RFR 2 in the accounting. IFRS 16 Leasing agreements therefore do not affect the company.

All leasing agreements are reported according to the rules on operational leasing. Costs for leasing agreements are reported on an ongoing basis when they arise. Avida's leasing agreement consists of renting office space.

Avida's obligations regarding leasing agreements are presented below.

MATURITY ANALYSIS LEASE LIABILITIES	31 dec 2023	31 dec 2022
Within 5 years		
Year 1-5	18,076	24,102
Year 5 and beyond		

NOTE 17 OTHER ASSETS

	31 dec 2023	31 dec 2022
Tax account	16.5	26.5
Receivables from Group companies	-	-1.4
Fund liquid receivable	22.9	9.0
Endowment insurance	1.3	0.7
Purchase price for portfolio sold	210.7	-
Other receivables	25.5	2.8
Total	**276.9**	**37.6**

NOTE 18 PREPAID EXPENSES AND ACCRUED INCOME

	31 dec 2023	31 dec 2022
Prepaid rent	2.3	2.1
Prepaid other costs	19.0	17.3
Accrued income	1.3	0.0
Total	**22.6**	**19.4**

NOTE 19 OTHER LIABILITIES

	31 dec 2023	31 dec 2022
Accounts payable	23.4	9.1
Fund liquid liability	9.5	10.4
Derivative debt	22.9	-
Withholding tax on savings account	42.3	17.9
Debts to employees	10.8	14.2
Other liabilities	24.1	25.7
Total	**133.1**	**77.3**

In the above note, the company has specified the division of the debts. Other liabilities have been broken down into Liabilities to employees and Other liabilities.

NOTE 20 ACCRUED EXPENSES AND PREPAID INCOME

	31 dec 2023	31 dec 2022
Accrued personnel costs	19.4	19.3
Other accrued costs	19.1	35,8
Prepaid income	13.9	-
Total	**52.3**	**55.1**

NOTE 21 PROVISIONS

	31 dec 2023			31 dec 2022
	Provisions for pensions	**Other provisions**	**Total**	**Provisions for pensions**
Opening balance	0.7	0.0	0.7	0.0
Provisions	0.6	2.8	3.4	0.7
Value changes	0.0	0.0	0.0	0.0
Total	**1.3**	**2.8**	**4.1**	**0.7**

NOTE 22 SUBORDINATED DEBT

Instrument	ISIN	Currency	Date of issue	Due date	Interest rate %	Nominal value	2023	2022
Avida Finans AB 18/28 FRN C SUB	SE0010100883	SEK	2018-11-06	2028-11-06	3m STIBOR +6,5	250,0	-	248,9
Avida Finans AB 23/34 FRN C SUB	SE0020539765	SEK	2023-10-27	2034-01-27	STIBOR 3m +9,25	250,0	249,7	-
Total							**249,7**	**248,9**

During 2023, Avida issued subordinated bonds with a nominal amount of SEK 250 million. In connection with the issue, previously outstanding subordinated bonds were repurchased for the same amount. The first opportunity to redeem the outstanding bonds is in January 2034. The bondholders can demand early repayment if certain predefined covenants are broken. Avida will refund the nominal amount including any accrued interest upon maturity.

During 2023, costs for subordinated debts amounted to SEK 27.0 million (SEK 18.4 million in 2022).

NOTE 23 EQUITY CAPITAL

Share capital. Number of shares in Avida Finans AB (publ) as of 31 december 2023 amounts to 80,658,696 with a quota value per share of 0.18.

NUMBER OF SHARES	2023	2022
Opening balance	70 576 359	70 576 359
Rights issue	10 082 337	-
Utgående balans	**80 658 696**	**70 576 359**

Primary capital instrument is a subordinated debt that fulfills certain conditions to be counted as primary capital when calculating the size of the capital base. The accounting principle classifies primary capital instruments as equity and payments to holders of these instruments, such as interest, are reported over equity.
Avida issued primary capital additions in June 2019. The instrument is perpetual and redemption is only permitted after the approval of the Financial Supervisory Authority.

Instrument	ISIN	Currency	Date of issue	Term	Interest rate %	Nominal value	2023	2022
Avida Finans AB 19/PERP FRN C HYBRID	ISINSE0012729085	SEK	2019-06-26	Evig	3m STIBOR +9,5	200,0	199,4	198,0
Total							**199,4**	**198,0**

NOTE 24 CLASSIFIACTION OF FINANCIAL ASSETS AND LIABILITIES

31 dec 2023	Financial assets&liabilities valued at fair value through income statement	Financial assets valued at fair value through other comprehensive income	Total Carrying amount	Total fair value
Cash and balances with central banks		77.6	77.6	77.6
Loanable goverment bonds		679.6	837.0	837.0
Loans to credit institutions		1,136.4	1,136.4	1,136.4
Loans to the oublic		10,515.9	10,515.9	10,515.9
Other assets	1.3	22.9	24.2	24.2
Total assets	**158.8**	**12,432.4**	**12,591.1**	**12,591.1**
Deposits from the public		10,930.3	10,930.3	10,930.3
Derivatives	1.3		1.3	1.3
Subordinated debt		249.7	249.7	249.7
Other liabilities		51.6	51.6	51.6

31 dec 2022	Financial assets & liabilities valued at fair value through income statement	Financial assets valued at fair value through other comprehensive income	Total Carrying amount	Total fair value
Cash and balances with central banks		521.7	521.7	521.7
Loanable goverment bonds	162.2	509.1	671.4	670.1
Loans to credit institutions		2,001.4	2,001.4	2,001.4
Loans to the oublic		12,373.4	12,373.4	12,039.9
Other assets	0.7	142.3	143.0	143.0
Total assets	**162.9**	**15,547.9**	**15,710.8**	**15,376.1**
Deposits from the public		13,928.0	13,928.0	13,928.0
Derivatives	1.0		1.0	1.0
Subordinated debt		248.9	248.9	248.9
Other liabilities	0.7	132.4	133.1	133.1

DISCLOSURES ON VALUATION AT FAIR VALUE

Avida measures certain financial instruments at fair value. Disclosures on valuation at fair value by level in the IFRS 13 valuation hierarchy are provided below.

Level 1) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

Level 2) 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 3) Data for the asset or liability that is not based on observable market data.

The assets measured at fair value relate to currency derivatives, endowment insurance and a money market fund containing high-quality assets.

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

The valuation of derivatives and the endowment insurance is based on observable data for the asset or liability, i.e. 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 [/g8][g9] currency, exchange rates are obtained from an external commercial bank. [/g9]

31 Dec 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Mortgageable Government Bonds	157.4			**157.4**
Other financial assets		1.3		**1.3**
Total assets	**157.4**	**1.3**		**158.8**
Financial liabilities				
Derivatives		1.3		**1.3**
Total liabilities		**1.3**		**1.3**

31 dec 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Mortgageable Government Bonds	162.2			**162.2**
Financial fixed assets		0.7		**0.7**
Total assets	**162.2**	**0.7**		**162.9**
Financial liabilities				
Derivatives		1.0		**1.0**
Total liabilities		**1.0**		**1.0**

NOTE 25 CAPITAL ADEQUACY

The information in this note refers to information that must be provided according to the Financial Supervisory Authority's regulations and general guidelines (FFFS 2008:25) on annual reports in credit institutions and securities companies, the Financial Supervisory Authority's regulations and general guidelines (FFFS 2014:12) on supervisory requirements and capital buffers and the European Parliament and Council Regulation (EU) No. 575/2013. Other information required according to FFFS 2014:12 and Regulation (EU) No. 575/2013 is reported in Avida's Pillar 3 report which can be found at www.avida.se

INFORMATION ON OWN FUNDS AND CAPITAL REQUIREMENT

For the determination of Avida's statutory capital requirements, Regulation (EU) No 575/2013 of the European Parliament and of the Council and Capital Buffers Act (2014:966) primarily apply(FFFS 2014:12) on prudential requirements and capital buffers apply.
The purpose of the rules is to ensure that Avida manages its risks and protects customers. 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, the special capital base requirement and the total buffer requirement.

CAPITAL RELATIONSHIP AND CAPITAL BUFFERS

Avida's strategy for capital management is to maintain a capital base Avida's strategy for capital management is to hold capital that by a sufficient margin exceeds the minimum level, including total buffer requirements. Regulation (EU) No 575/2013 of the European Parliament and of the Council requires credit institutions to maintain at least 4.5 per cent Common Equity Tier 1 capital, 6 per cent Tier 1 capital and 8 per cent total capital in relation to the risk-weighted exposure amount. Credit institutions are also required to maintain certain capital buffers. Currently, Avida is obliged to hold a capital conservation buffer of [/g5][g6]2.5 per cent and a counter-cyclical buffer of 1.57 per cent of the total risk-weighted exposure amount. The counter-cyclical buffer requirement was, in Avida's largest markets, 2 per cent in Sweden, 2.5 per cent in Norway and 0 per cent in Finland as of 31 December 2023.

INTERNALLY ASSESSED CAPITAL REQUIREMENT

The internal capital and liquidity assessment is carried out at least annually. As of 31 December 2023, the internally assessed capital requirement amounted to SEK 120.9 million (180.3). The internal capital requirement in Pillar 2 is deemed to consist of credit concentration risk, interest rate risk in the banking book and business risk, including credit spread risk. The Swedish Financial Supervisory Authority has not informed Avida of guidelines in Pillar 2.

LIQUIDITY REQUIREMENTS

As a credit market company, Avida is subject to regulations and legislation regarding liquidity requirements. Avida complies with the Swedish Financial Supervisory Authority's rules for managing liquidity risk in accordance with regulations (FFFS 2010:7) on managing liquidity risks. Avida is obliged to keep a separate reserve of high-quality assets that can be used to secure the short-term ability to pay in the event that funding sources are no longer available. The assets in the liquidity reserve consist of deposits with central banks, bonds issued by governments and municipalities and short-term lending to banks. In accordance with the Regulatory Regulation (EU) No. 575/2013 and the European Commission Delegated Regulation (EU) 2015/61, Avida Finans AB (publ) reports the liquidity coverage ratio (LCR) monthly and net stable funding ratio (NSFR) quarterly. At year-end, the short-term liquidity coverage ratio (LCR) was 314.06%, compared to the regulatory ratio of 100%.

LEVERAGE RATIO

Gross equity ratio is a non-risk sensitive capital requirement that specifies the size of equity in relation to the company's total assets, including off-balance sheet items. Avida has a regulatory minimum requirement that the leverage ratio requirement exceed 3 per cent, and reports leverage ratio. quarterly to the Swedish Financial Supervisory Authority.

	31 dec 2023	31 dec 2022
CAPITAL RATIOS AND CAPITAL BUFFERS, %		
Common Equity Tier 1 capital ratio	13,14%	10,72%
Primary capital ratio	15,05%	12,40%
Total capital ratio	17,44%	14,52%
Total Tier 1 capital requirement including buffer requirement	8,57%	7,89%
of which: requirement for capital conservation buffer	2,50%	2,50%
of which: requirement for countercyclical buffer	1,57%	0,89%
Tier 1 capital available to use as a buffer	8,64%	6,22%

	31 dec 2023	31 dec 2022
SPECIFIKATION OF CAPITAL BASE		
Capital instruments and associated share premium reserve	1,134.1	934.4
Retained earnings and reserves	239.1	254.6
Regulatory adjustments:		
Intangible assets	28.2	20.6
Deferred tax assets	0.3	0.3
Insufficient provision for defaulting exposures	0.0	-3.7
Reversal under transitional rules to IFRS 9	25.6	91.6
Total common equity tier 1 capital	**1,370.3**	**1,259.7**
Perpetual subordinated loans	199.4	198.0
Total other Tier 1 capital	**199.4**	**198.0**
Total primary capital	**1,569.7**	**1,457.7**
Capital instruments and associated premium funds: Time bound subordinated loans	249.7	248.9
Total supplementary capital	**249.7**	**248.9**
Total own funds	**1,819.4**	**1,706.6**
SPECIFICATION OF RISK EXPOSURE AMOUNT (REA)		
Exposures to central banks and local authorities	6.1	5.5
Institution exposures	243.7	419.0
Corporate exposures	2,073.3	2,082.1
Retail exposures	5,248.5	6,590.2
Exposures in default	972.2	1,077.2
Equity exposures	0.0	2.0
Other items	266.4	48.0
Total risk exposure amount and capital requirements	**8 810,2**	**10 224,0**
Foreign exchange rate risk	34.3	56.1
Basic indicator approach	1,587.4	1,471.0
Risk-weighted exposure amount for credit worthiness adjustment (CVA) risk	0.1	0.0
Total risk-weighted exposure amount	**10,432.0**	**11,751.1**
SPECIFICATION OF CAPITAL REQUIREMENTS (8 % OF REA)		
Exposures to central banks and local authorities	0.5	0.4
Institution exposures	19.5	33.5
Corporate exposures	165.9	166.6
Retail exposures	419.9	527.2
Exposures in default	77.8	86.2
Equity exposures	0.0	0.2
Other items	21.3	3.8
Total risk exposure amount and capital requirements	**704.8**	**817.9**
Foreign exchange rate risk	2.7	4.5
Operational risk (basic indicator approach)	127.0	117.7
Capital requirements for credit rating adjustment (CVA) risk	0.1	0.0
Total capital requirement - Pillar 1	**834.5**	**940.1**

	31 dec 2023	31 dec 2022
Credit concentration risk	86.5	107.7
Interest rate risk in banking book	29.4	67.1
Other additional capital requirements	5.0	5.5
Total additional capital requirements Pillar 2	**120.9**	**180.3**
Capital conservation buffer	260.8	293.8
Countercyclical buffer	164.3	104.0
Total capital requirements - Capital buffers	**425.1**	**397.8**
Total capital requirement	**1,380.5**	**1,518.2**
CAPITAL BASE REQUIREMENT AS A PERCENTAGE OF RISK WEIGHT EXPOSURE AMOUNT		
Pillar 1	8,00%	8,00%
Pillar 2	1,16%	1,53%
Capital conservation buffer	2,50%	2,50%
Institute-specific countercyclical buffer	1,57%	0,89%
Total capital base requirement	**13,23%**	**12,92%**
GROSS SOLVENCY		
Exposure measures for calculation of leverage ratio	13,133.9	16,329.0
Tier 1 capital	1,569.7	1,457.7
Leverage ratio, %	**11,95%**	**8,93%**
Leverage ratio requirement	394.0	489.9
Leverage ratio requirements, percentage	3%	3%

TEMPLATE EU KM1 - KEY METRICS		31 dec 2023	30 jun 2023	31 dec 2022
Available own funds (amount)				
1	Common Equity Tier 1 (Tier 1)	1,370.3	1,409.7	1,268.9
1	Tier 1 capital	1,569.7	1,608.4	1,466.9
3	Total Capital	1,819.4	1,858.1	1,715.8
Risk exposure amount				
4	Risk exposure amount	10,439.9	11,345.5	11,788.1
Capital relations (as a percentage of the risk-weighted exposure amount)				
5	Common Equity Tier 1 capital ratio (%)	13,13%	12,43%	10,76%
6	Tier 1 capital ratio (in %)	15,04%	14,18%	12,44%
7	Total capital ratio (%)	17,43%	16,38%	14,56%
Additional own funds requirements to manage risks other than the risk of excessively low leverage ratio (as a percentage of the risk-weighted exposure amount)				
EU 7a	Additional own funds requirements to manage risks other than the risk of excessively low leverage ratio in %	0,%	0,%	0,%
EU 7b	of which: shall consist of Common Equity Tier 1 capital (in percentage points) r)	0,%	0,%	0,%
EU 7c	of which: shall consist of Tier 1 capital (in percentage points)	0,%	0,%	0,%
EU 7d	Total own funds requirements for the review	8%	8%	8%
Combined buff er requirement and aggregate capital requirement (as a percentage of the risk-weighted exposure amount)		(in %)		
8	Capital conservation buff er (in %)	2,50%	2,50%	2,50%
EU 8a	Conservation buff er due to macroprudential or systemic risks identifi ed at Member State level			
9	Institution specific countercyclical capital buffer (%)	1,57%	1,51%	0,89%
EU 9a	Systemic risk buffer (%)			
10	Global Systemically Important Institution buffer (%			
EU 10a	Other Systemically Important Institution buffer (%)			
11	Combined buffer requirement (%	4,07%	4,01%	3,39%
EU 11a	Overall capital requirements (%)	13,23%	13,37%	12,92%
12	CET1 available after meeting the total SREP own funds requirements (%)	8,63%	7,93%	6,26%
Leverage ratio				
13	Total exposure measure	13,160.5	14,814.6	16,382.7
14	Leverage ratio (%)	11,93%	10,86%	8,95%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)				
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)			
EU 14b	of which: to be made up of CET1 capital (percentage points)			
EU 14c	Total SREP leverage ratio requirements (%)	3%	3%	3%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)				
EU 14d	Leverage ratio buffer requirement (%)	3,00%	3,00%	3,00%
EU 14e	Overall leverage ratio requirement (%)	3,00%	3,00%	3,00%
Liquidity coverage ratio				
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	864.6	1,103.3	1,070.0
16	Total high-quality liquid assets (HQLA) (Weighted value - average)	275,3	400,9	476,5
17	Liquidity coverage ratio	314,06%	275,20%	298,81%
Stabil nettofinansieringskvot				
18	Total available stable funding	12,132.0	13,459.1	14,892.7
19	Total required stable funding	9,401.2	10,486.7	11,750.9
20	NSFR ratio (%)	129,05%	128,34%	126,70%

NOTE 26 CONTINGENT LIABILITIES AND COMMITMENTS

	31 dec 2023	31 dec 2022
Contingent liabilities		
Commitments	1 157,2	3 522,5
Total contingent liabilities	**1 157,2**	**3 522,5**

Avida's commitments as of the balance sheet date do not refer to used loan promises to customers.

NOT 27 RELATED PARTY TRANSACTIONS

All transactions between companies within the Group have taken place on market terms.
information on remuneration for senior executives can be found in Note 8. No transactions with related parties have otherwise taken place during the year.

NOTE 28 SUBSEQUENT EVENTS

On February 26, 2024, Lennart Erlandson took over as the new CFO of the company.

NOTE 29 APPROPRIATION OF PROFITS

According to the balance sheet, the following unappropriated earnings are at the disposal of the Annual General Meeting:	SEK
Other contributed capital	199,364,154
Retained earnings	1,300,573,310
Profit/loss for the year	14,114,080
Total	**1,514,051,544**
The Board of Directors proposes that unappropriated earnings be distributed as follows:	
To be carried forward	**1,514,051,544**

DEFINITIONS

Alternative Performance Measures (APM) are fi nancial measures of historical or future earnings development, fi nancial position or cash fl ow that are not defi ned 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 uses alternative performance measures when relevant to follow up and describe the Company´s fi nancial situation and increase comparability between

ALTERNATIVE PERFORMANCE MEASURES

RETURN ON EQUITY

Adjusted reported profit/loss divided by average adjusted equity. The purpose of the key ratio is to calculate the company's profitability in relation to equity

RETURN ON TOTAL ASSETS

Operating profit divided by total assets. The metric is used to give the reader a picture of how effectively the company uses its assets to generate profit

C/I RATIO

Total operating expenses divided by total operating income, excluding credit losses. The purpose of the metric is to show the cost efficiency of the business in relation to operating income

TIER 1 CAPITAL RATIO

Tier 1 capital divided by the total risk-weighted exposure amount. The purpose of the metric is to show the company's Tier 1 capital in relation to its risk-weighted assets

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

SIGNATURE OF THE BOARD AND CEO

The Board of Directors and the CEO certify that the Annual Report has been prepared in accordance with generally accepted accounting practices in Sweden. The Annual Report gives a true and fair view of the company's position and results. It is further assured that the Management Report for the Parent Company and the Group respectively provide a fair overview of the development of the Parent Company's and the Group's operations, position and earnings and describes significant risks and uncertainties faced by the Parent Company and the companies in the Group.

STOCKHOLM, 29 APRIL 2024

Varun Khanna, Styrelseordförande

Tine Wollebekk, CEO

Daniel Knottenbelt, Ledamot

Celina Midelfart, Ledamot

Geir Olsen, Ledamot

Vaibhav Piplapure, Ledamot

Teresa Robson-Capps, Ledamot

AUDITOR'S REPORT

To the general meeting of the shareholders of Avida Finans AB (publ) corporate identity number 556230-9004

REPORT ON THE ANNUAL ACCOUNTS

OPINIONS

We have audited the annual accounts of Avida Finans AB (publ) for the financial year 2023. The annual accounts of the company are included on pages 5-8 and 24-62 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Avida Finans AB (publ) as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the company as at 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance.
Our opinions in this report on the the annual accounts are consistent with the content of the additional report that has been submitted to the parent company's board of directors in accordance with the Audit Regulation (537/2014) Article 11.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Avida Finans AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014/EU) Article 5.1 have been provided to the audited company.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual, but we do not provide a separate opinion on these matters.

Valuation of loan receivables
Recognition and measurement of loan receivables is an area with significant impact on Avida Finans's business and financial reporting. IFRS 9 is a complex accounting standard that requires significant judgement to determine the loan loss provision.

Key areas of judgment include:
- The interpretation of the requirements to determine loan loss provisions under application of IFRS 9, which is reflected in Avida Finas´s expected credit loss model.
- The identification of exposures with a significant deterioration in credit quality.
- Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward-looking macroeconomic factors.

At December 31, 2023, loans to the public amounted to SEK 10 516 million, with loan loss provisions of SEK 929 million. Given the significance of loans to the public, the impact from the inherent uncertainty and subjectivity involved in assessing loan loss provisions, as well as the extensive disclosures required under IFRS 9, we consider this a key audit matter for our audit.
Refer to critical judgments and estimates in note 2, disclosures of credit risk in note 3 and lending to the public in note 13.

Our audit procedures included, but were not limited to:

- We evaluated key controls within the loan loss provision process to verify if they are appropriately designed and implemented during the year; including process for approval of significant reserves for expected credit losses.
- We assessed, supported by our credit risk modelling specialists, the modelling techniques and model methodologies against the requirements of IFRS 9. We assessed the sufficiency the underlying models developed for loan loss provisions.
- We evaluated, based on data analysis, loans and credit losses in detail to assess if loans with significant decrease in credit quality is correctly classified.
- We assessed the completeness and accuracy of the disclosures relating to loan loss provision to assess compliance with disclosure requirements included in IFRS.

IT-systems that support complete and accurate financial reporting

Avida Finans relies on IT systems to ensure completeness and accuracy of financial transactions and to support the overall internal control framework. The financial reporting is dependent on several systems. Many of Avida Finans's internal controls over financial reporting are dependent on automated system controls with regard to completeness and integrity in reports generated by IT systems. Given the high dependence on IT, we consider this a key audit in our audit.

Following risks are identified:

- Incorrect and unauthorized changes in the IT-environment
- Lack of operating- and monitoring routines of the ITenvironment
- Incorrect and insufficient configurations of information security

Our audit procedures have included but not been limited to:

- We have reviewed management's change controls in the ITenvironment.
- We have reviewed the process for IT system monitoring.
- We have reviewed the identity and access rights process, including assigning, changing and removing permissions.
- We have evaluated the processes and tools to ensure accessibility to information based on user needs and business requirements, including back-up of information and that readback routines are appropriately designed.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS

This document also contains other information than the annual accounts and is found on 14 and 9-23. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibilities for the audit of the annual accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Avida Finans AB (publ) for the financial year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Avida Finans AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Deloitte AB was appointed auditor of Avida Finans AB (publ) by the general meeting of the shareholders on the on June 2, 2023 and has been the company's auditor since May 31, 2019.

Stockholm April 29, 2024
Deloitte AB

Signature on Swedish original.
This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

Patrick Honeth
Authorised public accountan

AVIDA

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