ANNUAL REPORT 2022

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

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AVIDA IN BRIEF

Avida is a credit market company that has since its inception in 1983 focused on offering financing services for companies and lending to consumers as well as deposits from the public. Our ambition is to be the complete, first choice for companies and private individuals looking for loans and financing for their large or small challenges in their daily financial life.

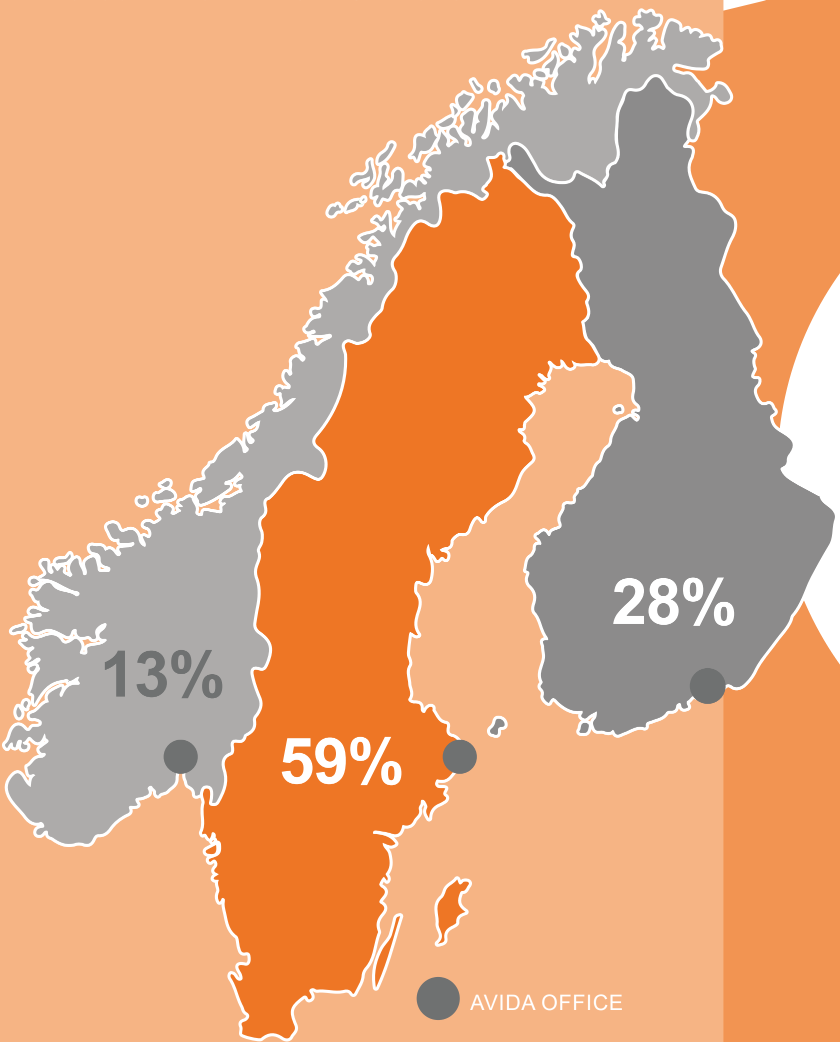
The Group currently has about 136 employees with headquarters in Sweden and branches in Norway and Finland as well as cross-border trade in Denmark, Estonia, Latvia, Lithuania, Poland, Austria, Germany, the Netherlands and Belgium.

Avida aims to be the borrower's first choice when choosing supplementary financing. This is done by improving the private customers' finances thanks to loans at better interest rates, and for business customers it is possible to grow with the help of tailored financing.

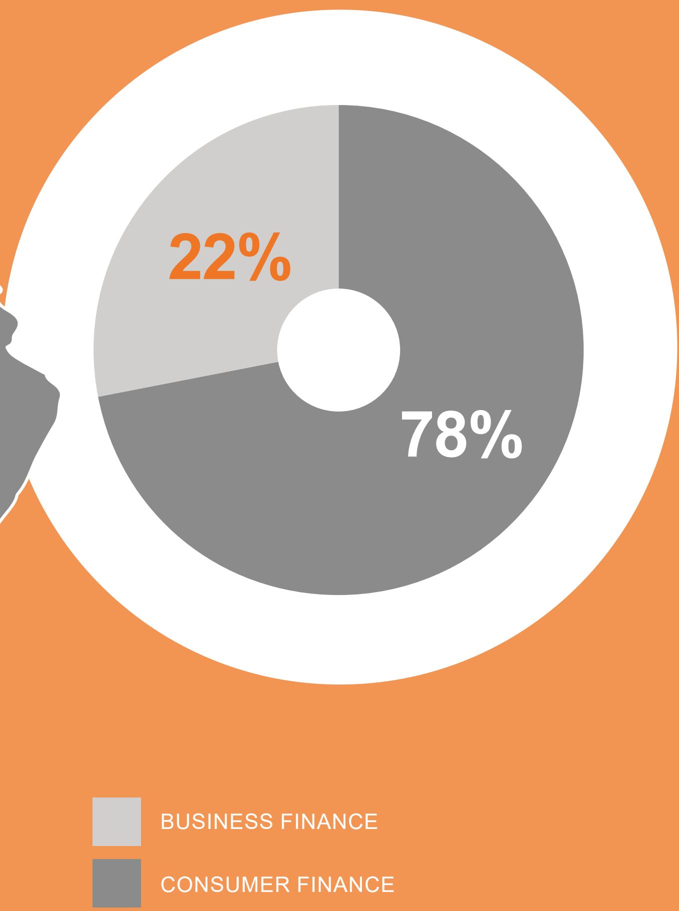
Avida is more than 61 % owned by one of the world's leading investment companies - KKR - and the company is supervised by the Swedish Financial Supervisory Authority.

The Group has two bonds listed on Nasdaq Stockholm and like all Swedish banks and credit market companies Avida is also covered by the Swedish Government's deposit guarantee.

GEOGRAPHIC REVENUE DISTRIBUTION



REVENUE DISTRIBUTION BY BUSINESS AREA



AVIDA'S LENDING

PRIVATE AND BUSINESS LENDING

BUSINESS LENDING SEK MILLION	3,161
PRIVATE LENDING SEK MILLION	9,214
TOTAL LENDING SEK MILLION	12,375

TOTAL VOLUME GROWTH, %

+12

NET INTEREST INCOME, %

+8

OUR CUSTOMERS CONSUMER FINANCE

FORM OF EMPLOYMENT:
PERMANENT EMPLOYMENT

AGE:
48 YEAR

REASON FOR LOAN:
66% REDEEMING OTHER CREDITS AND LOANS

MARITAL STATUS:
SINGLE

OR

CO-HABITANT

AVERAGE INCOME:
357,000 SEK PER YEAR

OUR MARKET BUSINESS FINANCE

AVERAGE BUSINESS LOAN:
13,9 SEK MILLION

INCREASE IN FINANCED VOLUMES:
+16% GROWTH OF ALL MARKETS COMPARED TO 2021

NUMBER OF FACTORING CUSTOMERS:
291 UNITS

TOTAL LENDING:
3,638 SEK MILLION

REVENUES PER COUNTRY, DISTRIBUTION %:

58 SW	19 FI	23 NO

YEAR IN BRIEF

The year 2022 began with the end of the pandemic that had gripped the world for several years, only to be replaced by a crisis of a different kind as Russia launched its war of aggression in Ukraine. This brought economic consequences that became evident towards the end of the year as high energy prices, rapidly rising interest rates and a slowing economy affected the whole world.

From initially being difficult to overview the financial consequences the war could bring for Avida, we now see that the macroeconomic situation has deteriorated, which Avida is affected by, among other things, increased provisions for credit losses and increased deposit costs.

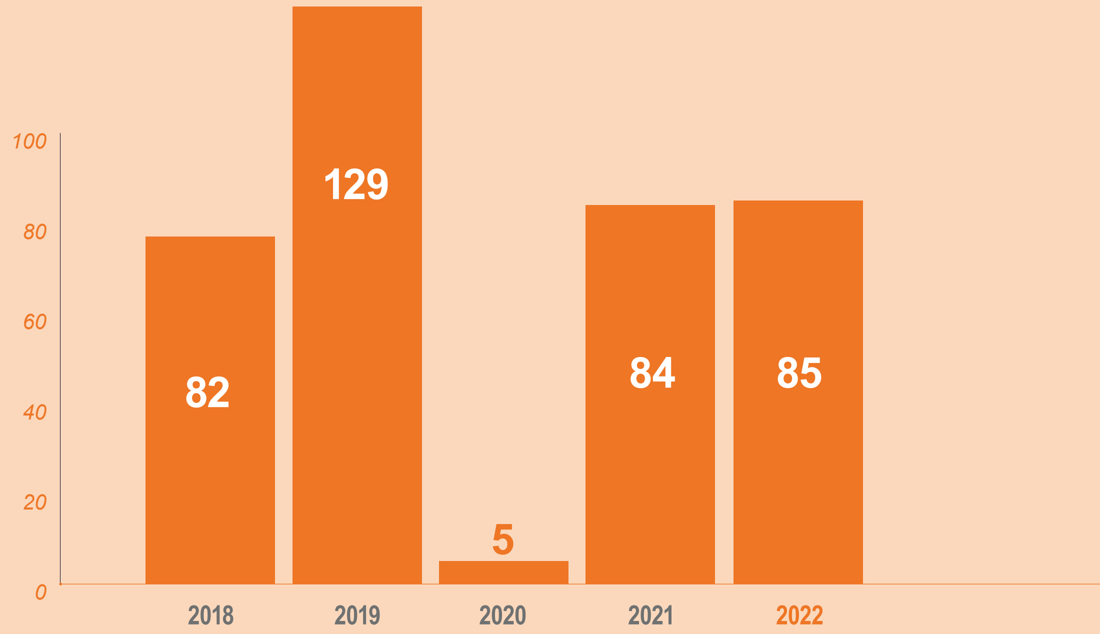
Despite the continued uncertain times, Avida's volumes grew during the year in both the consumer and business segments, with lending volumes growing by 12% to a total volume of SEK 12,375 million. Net interest rose during the year by 8% and costs fell during the year to a C/I ratio of 0.40.

Our business segments and especially our factoring volumes have increased significantly during the year. We have managed to adjust pricing and although there has been some time delay, we already saw positive effects at the end of the year. In the private segment, the market has been characterised by customers looking to consolidate their loans and reduce their borrowing costs. Demand has been strong in all three markets, particularly during the second half of the year. Demand is largest in Sweden, but we continue to see great potential in other countries as well.

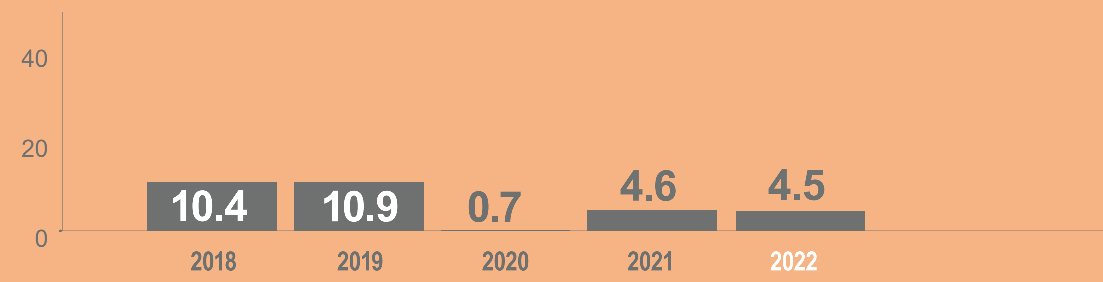
FINANCIAL EVOLUTION OF THE GROUP 2022

	2022	2021	Change %
SEK MILLION			
Net interest income	834	773	+8
Profit/loss before credit losses	517	487	+6
Credit losses	-432	-403	+7
Operating profit	85	84	+1
Loans to the public	12,375	11,076	+12
Deposits from the public	13,928	11,893	+17
Equity	1,409	1,367	+31
Total capital ratio %	14.6	14.7	-1
Return on equity %	4.5	4.6	-4

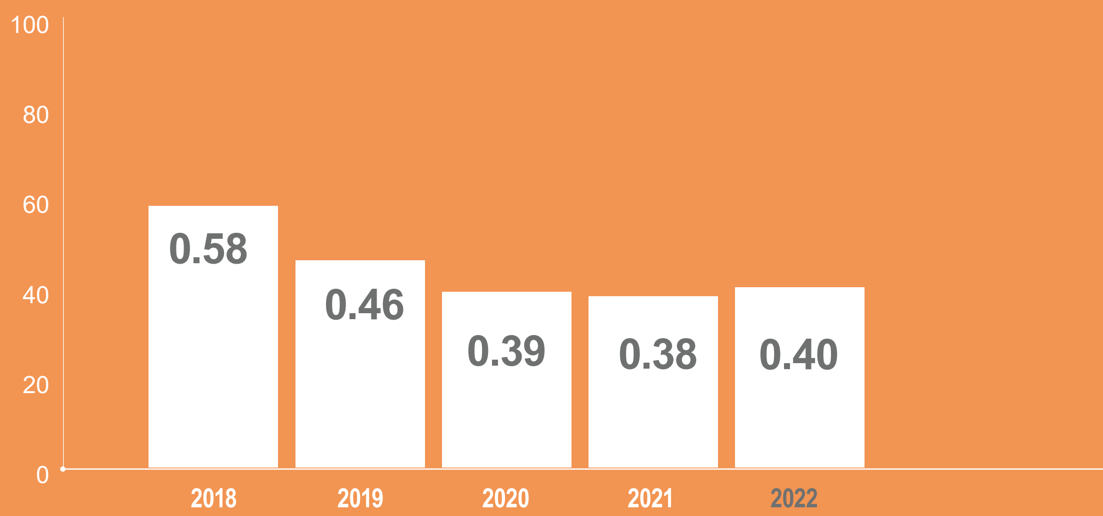
OPERATING PROFIT/LOSS, SEK MILLION



RETURN ON EQUITY %



C/I RATIO



CEO COMMENTS 2022

CONTINUED GROWTH IN A CHALLENGING ENVIRONMENT

Both the consumer and business segments have grown in 2022 and we have achieved many milestones in the migration to our new technology platform. Although the migration has been very successful, it will take some time before the system reaches its full potential. In connection with migration, we had a few negative one-off effects that materialized in the consumer segment during the last quarter of the year.

Our business segments and especially our factoring volumes have increased markedly in terms of volume during the year. We have managed to adjust the pricing and although there has been some time lag, we will see the positive effect increase into 2023.

During the year, the total lending volume increased by 12% compared to the previous year to a total volume of SEK 12,375 million. Improved margins and good cost control partially compensated for increased financing costs and increasing credit losses, overall it resulted in an operating profit of SEK 85 million for 2022.

COST DRIVEN BY INVESTMENTS

Costs rose during the year driven by investments in new key employees, IT and an exchange of consultants. At the same time, work has continued to shine a light on internal processes and agreements in order to be able to further improve efficiency and thereby save on unnecessary costs. Much work has been done, but some remains before we have the cost level we want. The relationship between costs and income was 0.40 during the year.

CREDIT LOSSES INCREASED DURING THE YEAR

During the first half of the year, credit losses were at a stable and low level. But in the latter part of the year it became clear that the slowing economy and sharply rising inflation made us vulnerable as markets and interest rates became increasingly volatile. The increased losses affecting both of our business areas were a combination of our rapid historical growth and weaker macro sentiment.

BACK TOGETHER

At the turn of the year last year, we moved into our new Stockholm office. A new modern venue that encourages and facilitates collaboration and creative teamwork. Finally, we have the opportunity to fully take advantage of being able to work together under the right conditions again. Building and maintaining our unique corporate culture together is central to our future success.

FULL FOCUS ON THE FUTURE

During the year, work was carried out to anchor a new strategy and clear goals throughout the company, and the consensus we have achieved has begun to have an effect. Together with the investments in system support and processes we made during the year, we have all the conditions to be able to grow further with our customers' needs as the highest priority. With capital-strong and long-term owners together with our committed and knowledgeable employees, we are well equipped to continue our journey towards becoming a market leader. Of course, we are very humble about the challenging macro situation and in the short term we will mainly focus on improving our quality and profitability, in order to build a robust platform for future growth.

Stockholm, 26 April

Tine Wollebekk
CEO

For us at Avida, sustainability is about creating long-term value in everything we do.

SUSTAINABILITY REPORT

For us at Avida, sustainability is about creating long-term value in everything we do. This applies in our role as a credit market company, as an employer and as part of the society in which we operate. That's why we work continuously on improvements in everything we do.

BACKGROUND

Avida's ambition is to be the complementary first choice for companies and private individuals looking for loans and financing for their large or small challenges in their daily financial life. To achieve this position in a sustainable way, we have decided on a number of principles that apply to our daily operations. In our sustainability work, we ensure that we always meet the binding requirements that our stakeholders place on us, as well as all laws, regulations and other relevant regulations. We have summarised this in our five focus areas.

1. RESPONSIBLE LENDING

We strive to comply with the laws and regulations, as well as our own internal policies and guidelines that govern our business and ensure that we conduct business activities in a responsible manner. Our products should be clear and easy to understand for our customers and we are careful in our assessment of the risk we take in our business relationships. Loans are only offered to customers whom we consider financially stable and who therefore have repayment capacity.

2. PREVENTION OF FINANCIAL CRIME AND TERRORIST FINANCING

Our stated ambition is never to contribute to or enable financial crime or to be involved in the financing of terrorism, money laundering or other illegal activities. To help us with this, we have systems and skilled employees who monitor our daily operations.

3. ATTENTION TO OUR EMPLOYEES AND OUR CULTURE

We are confident that our people and our culture are what give us a competitive advantage. In order to achieve our common goal, we have agreed on the principles that will apply. These principles represent our way of working and doing business. They are our truth, and we take them seriously. We have summarised our principles in three main points:

3.1 IT'S ABOUT PEOPLE

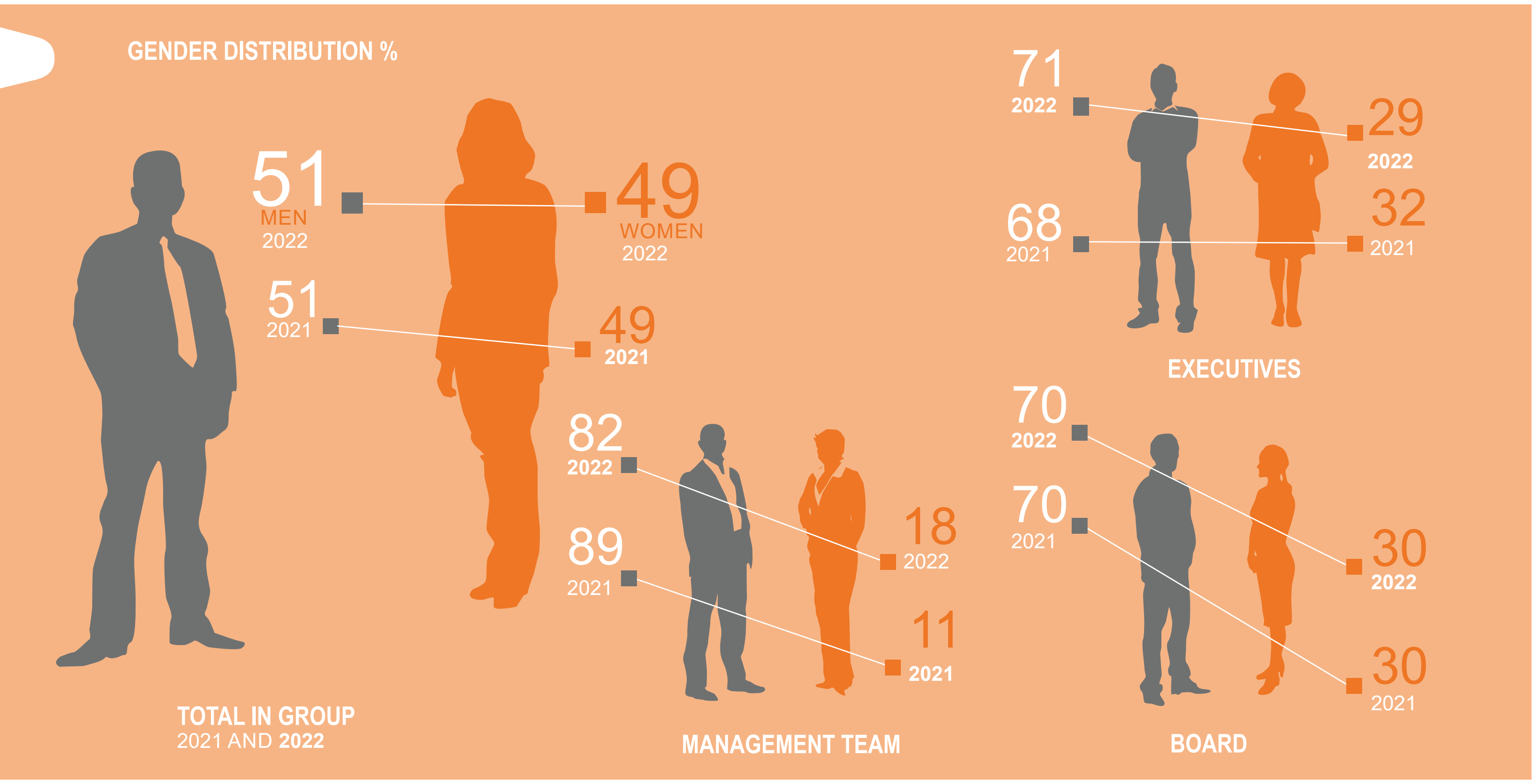
For us, transparency is key to creating commitment and loyalty. The logic behind transparency is that the more people see and know what is happening, the more efficient we are in solving problems together. Transparency and openness help us learn from our mistakes and also help us celebrate when we succeed. Transparency and openness reduce conflicts between people as there are fewer things that can be misunderstood or interpreted differently by individual employees. To achieve this, we work actively with communication within Avida, and measure the results of our work on an ongoing basis.

3.2 FINDING AND RETAINING THE RIGHT SKILLS

Avida is growing rapidly in a changing world. It is therefore extremely important that we can find the right skills for our business and of course make our employees want to stay with us. We work actively to achieve as low a staff turnover as possible, but succeeding is challenging in an industry and a company that is constantly changing in terms of organisation and business. Avida aims to have a maximum of 15% staff turnover in the long term.

We know that happy, healthy and committed employees are central to our success in our business. Therefore, we regularly monitor and work continuously with improvement measures related to sick leave and employee satisfaction (eNPS).

KEY RATIOS	2022	2021
Total number of employees	**136**	**135**
Staff turnover % (Long-term target 15%)	**20.9**	**20.6**
Employee Satisfaction, Net Promotor score (eNPS), average as of 2022 (Long-term target minimum 25)	**14**	**-**
Sick leave (long-term) %, total as of 2022 at Group level. (Long-term target maximum 2%)	**2.05**	**-**
Sick leave %, total. (Long-term target maximum 3%)	**1.75**	**2.14**



3.3 FREEDOM FOR EACH EMPLOYEE TO WORK IN THE MOST EFFECTIVE WAY

At Avida, we believe in supportive leadership, which means that all employees can trust that their immediate superior will be a natural support in the daily work without micro-managing. Our leadership is visible and communicative. We know that proximity and clarity create the best conditions for understanding and commitment and produce results. At Avida, we look more at the results that every employee contributes than where and when the work is carried out. Based on this approach, good conditions are created for a healthy balance between work and leisure.

3.4 WE CREATE SUCCESS

We believe that Avida can become the leading lender in the Nordic region, a result we are achieving based on a fantastic team. For us this means that we love what we do and that we always strive to do our absolute best in all situations, both between colleagues and of course also for our customers. In order to ensure our continued success, we must always ensure that we have the right person in the right place and that each employee can achieve their full potential. For us, a clear feedback culture is central to success.

3.5 THE EQUALITY OF PEOPLE

We always want the best person in each location and therefore competence and experience are absolutely critical in our decisions. We have a familial culture and we interact with each other in an informal way. It goes without saying that all employees are treated equally regardless of gender, religion, sexual orientation and/or ethnic background.

4. WE CONTINUOUSLY IMPROVE

The competition in our industry is tough, when it comes to both offering competitive financing solutions to our customers and attracting the right employees. We know what we are best at - loans to private individuals and companies - and we will continue to focus on that. We are convinced that our continued success is based on us continuously and stubbornly tweaking all the details of what we do every day. It is continuous improvement and not major innovations that will take us to our ambitious goals.

5. WE LIMIT OUR ENVIRONMENTAL IMPACT

We seek to minimise and prevent the negative environmental impact that our office operations cause, especially by minimising the environmental impact of our personal transport and reducing our energy consumption and our use of resources.

Energy consumption: Our electricity is predominantly green and fossil-free.

Recycling: We sort packages, electrical scrap, paper, plastic, cardboard, glass and food waste for recycling.

Our office space: We have our offices in Environmentally certified buildings. With new smart technology solutions, the Stockholm office has reduced energy consumption by 8.4% during 2022 compared to 2021.

Company cars: The majority of Avida's company cars are electric or hybrid vehicles.

SUSTAINABILITY MANAGEMENT

Avida's board decides and governs sustainability work through policies. Sustainability work is governed as an integrated part of most policies, such as the Credit Policy, the Policy on Measures against Money Laundering and Financing of Terrorism, the Work Environment Policy, the Remuneration Policy and the Contracting Policy. Our policies include the areas required by the Annual Accounts Act, i.e. environment, social sustainability, staff, anti-corruption and human rights. The policies, which describe our work and governance within sustainability, consist of five areas of focus. The daily sustainability work is decided by Avida's CEO who can plan and decide on strategies, plans, goals and follow-up.

The matrix below describes how Avida reviews and monitors sustainability-related risks in affected areas. For example, if Avida identifies a sustainability-related risk in our credit assessment or evaluation process, this may lead to our denying or adjusting contracts for creditors and suppliers. If a proposed transaction would involve a violation of applicable AML regulations, that transaction will be stopped.

SUSTAINABILITY-RELATED RISKS

FOCUS AREA	IDENTIFIED RISK	RISK MANAGEMENT
RESPONSIBLE LENDING	With its operations, Avida can contribute to the indebtedness of private and business customers in our home markets.	Using sophisticated systems and skilled staff, Avida strives to ensure that all credit decisions are made on the basis of sound knowledge of the customer's ability to repay the loan to Avida.
PREVENTION OF FINANCIAL CRIME AND TERRORIST FINANCING	Avida's products and services could be used for illegal activity.	Avida strives to never participate or facilitate financial crime or be part of the financing of terrorism or other illegal activities. To help us with this, we have systems and skilled employees who monitor our daily operations.
CONCERN FOR OUR EMPLOYEES AND OUR CULTURE	If employees are not happy, this leads to dissatisfaction and higher staff turnover.	Avida works actively to increase employee satisfaction and keep staff turnover and sick leave rates at a reasonable level.
THE EQUAL VALUE OF PEOPLE	Shortcomings in equality and diversity.	We are careful to show all individuals respect and protect their privacy and the right to equal treatment.
WE LIMIT OUR ENVIRONMENTAL IMPACT	Operating the business in a wasteful way would negatively impact the environment.	Avida shall minimise and prevent the negative environmental impact that our office operations cause, especially by minimising the environmental impact of our personal transport and reducing our energy consumption and our use of resources.

Avida aims to be the borrower's first choice when choosing supplementary financing.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Avida has prepared this report in accordance with the Annual Accounts Act (1995:1554).

Avida carries out financing operations 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 Operations and the International Financial Reporting Standards. In addition, Avida is required to comply with a number of regulations and general advice issued by Swedish Financial Supervisory Authority and other regulators, such as the European Banking Authority.

Avida Finans AB (publ) ("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 company, Avida is governed by the general meeting, the Board elected by the shareholders, the CEO appointed by the Board and the management of Avida which is controlled by the Board. The auditor appointed by the general meeting submits an audit report of his 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.

SHAREHOLDINGS, VOTES AND BOARD APPOINTMENTS

Direct or indirect shareholdings in the Company representing at least one tenth of the votes of all shares in the Company.
At the end of 2022, 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, who jointly own slightly more than 61% of the share capital and votes. Andenes Investments S.L, Avida's third largest shareholder, holds slightly more than 16% of the share capital and votes. The five largest shareholders represented the equivalent of around 97% of the share capital and votes.

Limitations on how many votes each shareholder may cast at the general meeting.
The share capital consists of a share class where all shares carry the same right and shareholders may vote for all shares that they own or represent.

Provisions of the Articles of Association on the appointment and dismissal of Board members and changes to the Articles of Association.
There are no provisions in the Articles of Association governing the appointment or dismissal of Board members, with the exception of a provision on the minimum and maximum number of Board members. The notice convening an extraordinary general meeting where a matter of amendment of the Articles of Association will be discussed will be issued no earlier than six weeks and no later than four weeks before the meeting. The current Articles of Association of Avida were adopted at the extraordinary general meeting on 20 December 2018.

The Board is authorised by the Annual General Meeting to decide whether the Company should issue new shares or acquire its own shares.
In 2022, the annual general meeting did not authorise the Board to decide that the Company should issue new shares or acquire its own shares.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal control regarding financial reporting is built around the six cornerstones of internal control presented below: control environment, risk management, control activities, information and communication, follow-up and assessment and statement regarding internal audit.

INTERNAL CONTROL AND RISK MANAGEMENT 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.

CONTROL ENVIRONMENT

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 precondition for a good control environment. Examples of policies, instructions and manuals include the Board's rules of procedure, the CEO mandate, risk control policy, regulatory compliance function policy and internal audit function policy. Governing documents are assessed on an ongoing basis, but at least annually, and are updated when necessary due to new or changed regulations and/or internal changes in the business.

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.

For the purpose of ensuring adequate risk management and compliance with laws, regulations and internal steering documents, Avida's risk management and internal control environment with 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.

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 precondition 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.

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. 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 this is stated in the information policy.

THE BOARD'S ACTIONS TO MONITOR THE INTERNAL CONTROL OF FINANCIAL REPORTING 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 further compiles and submits ongoing 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 performed in close collaboration with the management team and the rest of the organisation. The Risk Control, Compliance and Internal Audit Control functions follow-up to ensure compliance with internal policies, instructions and manuals. The Board receives at least quarterly reports from the risk control function and the regulatory compliance function. 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 group 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 to provide 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.

Avida has the tools to be a good partner who is responsive and can create solutions for more complex financing requirements.

MANAGEMENT REPORT

The Board of Directors and CEO of Avida Finans AB (publ), Corp ID no. 556230-9004, hereby submit the annual report and consolidated accounts for the financial year 1 January 2022 - 31 December 2022.

BUSINESS CONCEPT AND STRATEGY

Avida Finans AB (publ) is a credit market company that has since 1983 focused on offering loans to private individuals and companies. Our ambition is to be the complete, first choice for companies and private individuals looking for loans and financing for their large or small challenges in their daily financial life.

INFORMATION ABOUT THE BUSINESS

The business consists of financing services to companies and lending to consumers, debt collection management and deposits from the public.

The Consumer Finance business area comprises lending to and deposits from private customers. The Company offers account credits and loans without collateral. A private loan is usually used to finance relatively large purchases or refinance more expensive credit with other lenders.

The Business Finance business area offers corporate credits such as invoice purchases, invoice loans and loans.

Avida also offers deposits to private individuals. Deposits are covered by a government deposit guarantee and are offered in Norway, Sweden and Germany.

In addition to the operations on the Swedish market, Avida Finans AB has branches in Norway and Finland. The branch in Norway, Avida Finans AB NUF with org. no.: 990 728 488, provides financial services to private individuals and companies on the Norwegian market. Savings and loan products are offered to private individuals. Business customers are offered financing solutions such as loans with and without security but also factoring in the form of invoice purchases and invoicing.

The Finnish branch, Avida Finans AB (publ), with org. no.: 2541768-9, provides financial services to private individuals and companies in the Finnish market. A loan product is offered to private individuals. Business customers are offered financing solutions such as loans with and without security but also factoring in the form of invoice purchases and invoicing.

Avida also offers products along with external partners in our secondary market in Europe. Through the German deposit platforms Raisin and Deposit Solutions, a savings product is offered for Euro deposits. The deposits are guaranteed by the Swedish government deposit guarantee.

SCALABLE BUSINESS

The purpose of Avida's growth is to utilise scalability in transactions and create lower costs per loaned SEK, which in turn leads to cheaper financing for customers and better returns for shareholders.

Avida's strategic initiative in business lending has turned out to be successful and we are seeing strong demand to help companies grow with their financing solutions. Avida has the tools to be a good partner who is responsive and can create solutions for even the most complex financing needs. Over time, Avida has reduced risk and margins within the segment and is now at a level where there is a good balance between risk and return.

In the Consumer Finance segment, the company sees that the strategy of offering credit which is the cheapest for the customer and primarily aimed at refinancing more expensive loans is sustainable in the long term and creates good growth and profitability.

At the beginning of the year, Russia launched an invasion of Ukraine. In addition to all the human suffering, the war has brought higher energy prices, rising inflation and slowing growth. Although we have not seen a major impact on our business during the year, we may be adversely affected in terms of funding in the wake of rising interest rates and reduced credit quality.

OWNERSHIP STRUCTURE

KKR is the majority shareholder of Avida Finans AB (publ) since 2020, and has the controlling influence over Avida Finans AB (publ) and thus also over Avida Group. The shares in Avida Finans AB (publ) are otherwise owned both by private individuals and institutions.

The table below shows the largest shareholders as of 31 December 2022.

Shareholders	Number of shares	Portion of outstanding shares %
KKR	43,557,915	61.76
Andenes Investments S.L	11,672,140	16.55
MIDELFART CAPITAL AS	6,357,372	9.01
WHITEOUT AS	5,972,814	8.47
LOE EQUITY AS	1,060,606	1.50
UBON PARTNERS AS	740,042	1.05
DENCKER INVEST AS	600,000	0.85
VIMAR AS	150,000	0.21
Skandinaviska Enskilda Banken	86,000	0.12
ENGELIA INVEST AS	50,000	0.07
Total		**99.59**

GROWTH

Avida has grown during the year, in both the consumer and business markets. The loan portfolio has grown by 12% to SEK 12,375 million. Growth has come both from the business and consumer portfolios. It is mainly factoring that contributed to the growth in the business segment. The growth in factoring is driven by a number of new customers, mainly in Sweden and Finland, and that existing customers had a larger number of invoices to finance. Growth in the consumer segment is mainly driven by growth in Sweden.

BUSINESS AREA - BUSINESS FINANCE

In the business segment, work has progressed on building an organisation that can handle increased complexity in the business and build a network of repeat customers. During the year, we have actively worked to change the profile of the portfolio to build a diversified exposure in corporate business, both within factoring and loans. Business Finance has a clear focus on building long-term relationships with corporate customers that will contribute stable and profitable earnings over time.

We see that our range of financing also becomes more relevant in complex business in an international environment. As a result, the Company has won a number of new major deals during the year, both in loans and factoring. We have seen a high growth in financed volumes especially in factoring, not least in the Swedish market. Moreover, we have also implemented measures to ensure price adjustments in line with increasing market interest rates in all markets. Furthermore, we are actively working to expand digitalisation in our various processes to enable economies of scale and efficiency improvements.

The opportunities are good for us to achieve profitable growth in an environment where the risk appetite of traditional banks is more limited given the economic climate. Invoice purchases are an attractive solution to financing a company's operating capital needs, as well as to release liquidity for investments. However, with a stable foundation in place, Business Finance is also a strategically important investment area for Avida, and we are well positioned in factoring and corporate loans.

BUSINESS AREA - CONSUMER FINANCE

In the private segment, the market has been characterised by customers looking to consolidate their loans and reduce their borrowing costs. Demand has been strong in all three markets, particularly during the second half of the year. Recruitment is largest in Sweden, but we continue to see great potential in other countries as well.

Refinancing loans are a priority area for Avida, and loans with the purpose of refinancing other, more expensive loans account for the majority of lending. In order to make it easier for customers, in 2022 Avida switched to a model where it handles the entire refinancing process for the customer, and now pays the loan directly to the banks where the customer wants to settle loans. At the same time, this ensures that customers' debt levels do not increase beyond what they can handle.

In the area of Non-Performing-Loans (NPLs), a decision was made at the end of 2021 not to carry out debt collection in-house in Norway. This resulted in a migration of all debt collection balances to external debt collection companies in February 2022. Furthermore, the Swedish operations divested an NPL portfolio containing approximately 3,000 non-performing loans during the fourth quarter.

During 2022, Avida has also continued the digital transformation, which was primarily characterised by a migration of all loan portfolios into a new core banking system, Stacc Core. In connection with this, Avida has also launched completely new My Pages in all countries, which will be a key to meeting customer needs in a fast, flexible and cost-effective way.

Avida's focus in the coming years is to become one of the leading niche banks in the Nordic market, by becoming a leader in data and digitalisation, to offer a world-class customer experience and attract skilled, experienced and driven staff. In 2022, a new customer service platform was also implemented in all markets, giving our employees the tools they need to improve the customer experience both digitally and over the phone.

DEPOSITS FROM THE PUBLIC

Avida offers deposits in SEK, NOK and EUR and during the year has had a good influx of customers and volume. Deposits from the public through savings accounts are, and will continue to be an important source of financing for Avida. We have offered deposits in SEK ever since Avida became a credit market company. In 2017, the Group started taking deposits in Norway. Since the spring of 2019, Avida has also offered EUR lending through a collaboration with the European deposit platform Raisin. In 2020, the basis for borrowing in EUR was broadened by the initiation of a co-operation with Deposit Solutions. Through these collaborations, Avida reduces exposure to FX risk in Finland as this provides the opportunity to match the currency exposure both on the lending side and on the deposit side. Deposits have been very stable during the year and we are responding in a desired manner as deposit rates change. The deposit market has been very active during

MULTI-YEAR OVERVIEW FOR THE GROUP

SEK MILLION	2022	2021	2020	2019	2018
Net interest income	834	773	724	538	425
Net commission income	23	15	12	6	-
Profit/loss before credit losses	517	487	442	308	179
Credit losses, net	-432	-403	-437	-179	-97
Operating profit	85	84	5	129	82
Loans to credit institutions	2,008	1,619	1,085	1,790	852
Loans to the public	12,375	11,076	9,979	8,353	5,435
Deposits from the public	13,928	11,893	10,160	9,111	5,547
Equity	1,409	1,367	1,323	1,069	717
Solvency (%)	9.0	10.0	11.2	10.1	10.8
C/I ratio	0.40	0.38	0.39	0.46	0.58
Return on equity (%)	4.5	4.6	0.7	10.9	10.4
Return on Total Assets %	0.5	0.6	0.0	1.5	1.6
Capital ratio (%)	14.6	14.7	17.8	16.9	18.9
Provision ratio (%)	9.3	7.1	6.1	3.2	2.8
Number of employees	136	145	123	115	109

For information on how key ratios are calculated, refer to the Definitions section on page 69.

the second half of the year during which central banks in our environment raised the policy rate in several steps. Players in the deposit market have been very active in pricing; so has Avida. The cost of deposits has gone up in the wake of increased market interest rates. This has largely been passed on to pricing to the customer.

NET INTEREST AND OTHER INCOME

Net interest income for the Group has increased by 8% from the previous year. The increase is attributable to increased lending volumes in both Consumer Finance and Business Finance. Net interest income has been negatively affected by increased funding costs. In the wake of increased market interest rates, Avida's funding cost has increased. This has to some extent been counteracted by increased prices to customers. However, this has lagged a bit in both Consumer Finance and Business Finance. Net interest for consumer receivables has increased by 9% to SEK 614 million. Within the Business Finance area, net interest income from factoring has increased by 14% to SEK 145 million as a result of higher financed volumes compared to the previous year. Net interest income for corporate loans has increased by 8% to SEK 75 million in 2022.

EXPENSES

Expenses increased in 2022 by 15% compared to 2021 to SEK 346.8 million. The increase in expenses is a result of Avida taking several long-term measures. Avida has recruited in a number of strategic positions within pre-collection, operations and analytics. Furthermore, work has progressed with the replacement of the loan platform for Consumer Finance, which has led to increased IT and consulting costs. During the year, Avida has also invested in a number of strategic projects, which has further driven costs for consultants and legal advice.

CREDIT LOSSES

Credit losses increased by 8% during the year and total credit losses in 2022 amounted to SEK 432.2 (402.9) million. This is mainly driven by increased provisions for credit losses in Factoring and Corporate Lending. We have had a few isolated exposures in factoring with impaired credit quality as a result of some weaknesses in our processes for credit control. As a result, we have changed part of our framework for monitoring end customer exposures. We have also had increased provisions in corporate lending, which is mainly driven by changes in internal credit rating. A couple of larger borrowers whose internal cradit rating has deteriorated has led to increased provisions. Provisions for credit losses increased in Consumer Finance as well. This is mainly driven by volume increase but also changes in credit mix and credit quality. Finally, a deteriorating macro outlook has led to additional reserves, as the probability of default is expected to increase going forward. However, the underlying credit quality in the loan portfolio remains good and remains well within Avida's expected loss levels for the period. Actual credit losses decreased compared to 2021. For a more detailed picture of the development of the expected credit losses in each stage, the reader is referred to Note 14 Lending to the public.

PROFIT/LOSS

The Group reports a profit before tax of SEK 84.5 million, which is an increase of SEK 0.8 million from 2021.

LIQUIDITY AND CAPITAL REQUIREMENT

As of 31 December 2022, Avida Finans AB (publ) had a capital base of SEK 1,706.6 (1,603.6) million. Avida's total capital ratio, defined as own funds divided by total risk exposure amount, amounted to 14.52 (14.74) %. As of 31 December 2022, Avida's consolidated situation had a capital base of SEK 1,715.8 (1,610.9) million. The consolidated situation's total capital ratio amounted to 14.56 (14.77) %. This means that Avida has fulfilled the requirements by a good margin for capital adequacy and buffers as stated in Note 29 on Capital Adequacy.

The Company's deposits from the public have increased by 17% and amounted to SEK 13,928 (11,893) million. Avida's liquidity consists of balances with central banks, loanable government bonds and lending to credit institutions and totals SEK 3,201 (2,483) million.

STAFF

The number of employees within the Group increased slightly during the year and the average number of employees amounted to 136 (135), of which 68 (66) were women and 68 (69) were men.

SUSTAINABILITY

For Avida, sustainability regards creating long-term value in everything we do for customers, owners, employees and contributing to society. This applies in our role as a credit market company, as an employer and as part of the society in which we operate. That's why we work continuously on improvements in everything we do. Avida's ambition is to be the complementary first choice for companies and private individuals looking for loans and financing for their large or small challenges in their daily financial life. To achieve this position in a sustainable way, we have decided on a number of principles that apply to our daily operations. In our sustainability work, we ensure that we always meet the binding requirements that our stakeholders place on us, as well as all laws, 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 reports. The sustainability report was submitted to the auditors at the same time as the annual report and the sustainability report also relates to the financial year 2022. The report is available on page 10-12.

ESSENTIAL RISKS AND RISK MANAGEMENT

Avida is exposed to both significant financial and non-financial risks. The financial risks consist of credit, liquidity and market risks. Non-financial of strategic and operational risks. The operational risks arise from risks in the following areas; compliance with laws and regulations, Avida's organisation and staff, internal processes, IT systems, cyber and data, security and sustainability. The organisation and management of the above-mentioned risks are regulated in the company's policy for internal governance and control and Risk Policy, which is decided by Avida's Board of Directors. The CEO is responsible for compliance with these policies through organising the business and allocating responsibilities and tasks so that the business is covered by a clear and effective risk management framework. Processes are central to organisation, responsibility and tasks. These specify what recurring tasks are to be carried out, by whom, when and how.

In addition to the executive management, Avida applies the principle of the three lines of defence. These consist of an organisational model whose purpose is three-level protection to ensure that risk management is clear and effective. The first line is responsible for day-to-day risk management and consists of the business operations, support functions and CEO. The second line of defence is responsible for overseeing and controlling the risk management framework and the day-to-day risk management of the first line of defence. This consists of the Risk Management Function and the Compliance Function. The third line of defence is responsible for the review of both the first and second lines of defence and consists of the Internal Audit function.

For a more detailed description of risk management and capital adequacy, see Note 3 and Note 29.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 1 January 2022, Tine Wollebekk took over as the new CEO of the Company. In connection with this, Pehr Olofsson reclaimed the role as CFO.

The dispute regarding the terminated forward flow agreement as described in previous interim reports and in annual reports, reached a settlement on 11 January 2022. The agreement meant that all financial accounts between the parties had been settled. This also means that the dispute does not go to arbitration and the parties release their respective claims for compensation.

In the first quarter of 2022, Russia's invasion of Ukraine began. In addition, the world during the year has been characterized by global unrest with volatility on the financial markets, increased inflation and interest rate increases. The macroeconomic situation affects Avida's operations through, among other things, increased provisions for credit losses and increased deposit costs.

During the year, work continued on changing the platform for the consumer loan portfolio as the Finnish loan portfolio was also moved to the new platform. The operations of the subsidiary Avida Norge AS were terminated during the first quarter of 2022 and its employees were transferred to the debt collection company Intrum.

SUBSEQUENT EVENTS

A successful sale of non-performing loans (NPL's) in Sweden was carried out in the first quarter of 2023. The deal was Avida's second structured sale of this kind and will most likely be followed by more in the future. The sale of NPL's is intended to release capital for the company and allow for a focus on the company's core business, which does not include the handling of NPL's.

During March, a number of banks in the US and Europe have ended up in economic problems. In all cases it refers to a so-called bank run where customers in the bank have chosen to withdraw their savings at a rate that the banks have not been able to handle. Avida has had no direct or indirect exposure against any of the banks concerned, and has not been affected directly by these events. However, we can see that the cost for borrowing increased slightly further during the latter part of first quarter. Avida's management follows developments closely.

During March, Avida's board decided on a new share issue of SEK 201 million with preferential rights for existing shareholders. The issue was approved at an extraordinary general meeting on April 20.

EXPECTED FUTURE DEVELOPMENT

After identifying some growth and system related problems during the past year, Avida will work intensively in 2023 to increase quality, limit credit losses and increase profitability throughout our business. Our long-term goal, to invest in profitable growth while maintaining good cost control and good credit quality, remains in place. For Avida, profitability and good credit quality will always take precedence over growth, especially in the current macroeconomic circumstances of war in our region and a slowing economy. A challenging environment that at the same time brings a lot of opportunities for Avida. The Company will continue to concentrate on lending to companies and private individuals with the goal of becoming a market leader in our industry using a customer-centric approach, a high-quality data analysis and an efficient and results-oriented organisation.

During the year, Avida will continue to closely monitor customers' needs both within the private and corporate markets in order to meet these with the right products and services. One part of this work has been our implementation of a new technical platform that was completed for our private market in 2022, where we will get the full return on the investment made in the coming years. In 2023, a similar system change will be made in our corporate market with the aim of achieving good scalability in the business with high quality and profitability in the business area.

Avida will also continue to be able to create a good return with good risk diversity while the company creates value for its customers. The strong growth that Avida has generated so far is expected to be able to continue in the coming years, also taking into account developments in the economy and other external factors. We also consider that our industry will continue to be consolidated and that it will eventually lead to better conditions for profitability.

Avida will continue to focus on the company's costs and will actively work on keeping operational costs at the current level despite the planned future growth. This will be possible as the business and the established processes are to a large extent digitised.

The current geopolitical situation following Russia's invasion of Ukraine makes the macroeconomic situation difficult to assess. Avida has not been directly affected by the outbreak of war, but it is clear that inflation has picked up considerably, with subsequent interest rate hikes as a result. As a result, the cost of our funding has increased, but we have been able to implement interest rate increases in line with the rise in interest rates around the world and we have stabilized our margins over the past year, something we see continuing into 2023. We are humble about the challenging macro situation and in the short term we will continue to focus on improving our quality and profitability, but the current macro situation is at the same time something that gives us opportunities.

PROPOSED ALLOCATION OF PROFITS

SEK	
The following profits are available to the general meeting:	
Other contributed capital	198,014,473
Retained earnings	1,080,801,558
Net profit/loss	63,254,209
Total available profits for allocation	**1,342,070,241**
The Board and the CEO propose that the profits be allocated so that the following SEK is carried forward:	
Other contributed capital	198,014,473
Retained earnings	1,144,055,768
Total retained earnings	**1,342,070,241**

FINANCIAL STATEMENTS AND NOTES

Consolidated statement of profit/loss

SEK MILLION	NOTE	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
Interest income	5	1,028.1	903.9
Interest expenses	5	-194.1	-131.2
NET INTEREST INCOME	**5**	**834.0**	**772.7**
Commission income	6	22.9	15.2
NET COMMISSION INCOME	**6**	**22.9**	**15.2**
Net result from financial transactions	7	4.8	-0.9
Other operating income		1.9	0.3
TOTAL OPERATING INCOME		**863.6**	**787.3**
General administrative expenses	8	-332.8	-275.7
Depreciation and impairments of tangible and intangible fixed assets	16,17,30	-14.1	-25.0
TOTAL COSTS BEFORE CREDIT LOSSES		**-346.9**	**-300.7**
PROFIT/LOSS BEFORE CREDIT LOSSES		**516.7**	**486.6**
Credit losses, net	9	-432.2	-402.9
OPERATING PROFIT		**84.5**	**83.8**
PROFIT/LOSS BEFORE TAX		**84.5**	**83.8**
Tax	10	-22.1	-21.5
NET PROFIT/LOSS		**62.4**	**62.3**

Consolidated statement of comprehensive income

SEK MILLION	NOTE	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
NET PROFIT/LOSS		**62.4**	**62.3**
Items that may be subsequently reclassified to the income statement			
Currency translation differences relating to foreign operations (net after tax)		0,7	1.0
Total items that may be subsequently reclassified to the income statement		**0,7**	**1.0**
COMPREHENSIVE INCOME FOR THE YEAR		**63,1**	**63.3**

Consolidated statement of financial position

SEK MILLION	NOTE	31/12/2022	31/12/2021
Cash and balances with central banks	11	521.7	327.2
Treasury bills eligible for repayment	12	671.4	537.0
Loans to credit institutions	13	2,007.8	1,618.1
Loans to the public	14	12,374.8	11,076.6
Intangible fixed assets	16	43.3	31.1
Tangible assets	17,30	20.5	21.3
Current tax asset	10	35.4	43.5
Other assets	18	39.0	46.2
Prepaid expenses and accrued income	19	19.5	8.2
TOTAL ASSETS		**15,733.4**	**13,709.1**
LIABILITIES AND PROVISIONS			
Deposits from the public	20	13,928.0	11,892.6
Derivatives	21	1.0	24.9
Provisions	22	0.7	-
Other liabilities	23	90.6	151.6
Deferred tax liability	10	0	0.1
Accrued expenses and prepaid income	24	55.1	25.9
Subordinated debt	25	248.9	247.3
TOTAL LIABILITIES		**14,324.3**	**12,342.4**
EQUITY			
Share capital		12.8	12.8
Other reserves		1.8	1.8
Other contributed capital	26	1,121.3	1,120.0
Retained earnings incl. profit for the year		273.2	232.1
TOTAL EQUITY		**1,409.2**	**1,366.7**
TOTAL LIABILITIES AND EQUITY		**15,733.4**	**13,709.1**

Consolidated statement of changes in equity

31/12/2022

SEK MILLION

	SHARE CAPITAL	RESTRICTED RESERVES	OTHER CONTRIBUTED CAPITAL	RETAINED EARNINGS AND PROFIT/LOSS FOR THE PERIOD	TOTAL
Opening balance at 01/01/2022	**12.8**	**1.8**	**1,120.0**	**232.1**	**1,366.7**
Comprehensive income for the period	-	-	-	63.1	63.1
Reported in income statement	-	-	-	62.4	62.4
Reported as other comprehensive income	-	-	-	0.7	0.7
Tier 1 capital, AT1	-	-	1.3	-	1.3
Interest and dividends on Tier 1 capital instruments	-	-	-	-21.9	-21.9
Transactions with shareholders					
Option programme	-	-	-	-	-
New issue	-	-	-	-	-
Closing balance at 31/12/2022	**12.8**	**1.8**	**1,121.3**	**273.2**	**1,409.2**

31/12/2021

SEK MILLION

	SHARE CAPITAL	RESTRICTED RESERVES	OTHER CONTRIBUTED CAPITAL	RETAINED EARNINGS AND PROFIT/LOSS FOR THE PERIOD	TOTAL
Opening balance at 01/01/2021	**12.8**	**1.8**	**1,118.6**	**189.4**	**1,322.6**
Comprehensive income for the period	-	-	-	63.3	63.3
Reported in income statement	-	-	-	62.3	62.3
Reported as other comprehensive income	-	-	-	1.0	1.0
Tier 1 capital, AT1	-	-	1.3	-	1.3
Interest and dividends on Tier 1 capital instruments	-	-	-	-20.5	-20.5
Transactions with shareholders					
Option programme	-	-	-	-	-
New issue	-	-	-	-	-
Closing balance at 31/12/2021	**12.8**	**1.8**	**1,120.0**	**232.1**	**1,366.7**

Consolidated statement of cash flows

	31/12/2022	31/12/2021
SEK MILLION		
Operating activities		
Operating profit	84.5	83.7
Of which interest paid	963.4	868.3
Of which interest paid	-147.8	-131.2
Adjustment for items not included in cash flow		
Unrealised credit losses (provisions)	438.2	367.9
Depreciation and amortisation of tangible and intangible assets	-21.9	25.0
Other items	-6.0	-
Income tax paid	-14.8	-64.3
Cashflow from operating activities before changes in operating capital	**480.0**	**412.3**
Change in the assets and liabilities of operating activities		
Increase (-) /decrease (+) loans to the public	-1,736.9	-1,464.1
Increase (-) /Decrease (+) in other assets	-27.3	19.0
Increase (-) /decrease (+) deposits from the public	2,035.5	1,733.2
Increase (-) / Decrease (+) of other liabilities	-3.4	73.1
Cash flow from operating activities	**747.9**	**773.5**
Investing activities		
Acquisition of tangible fixed assets	-5.9	-1.0
Acquisition of intangible fixed assets	-	-19.9
Investment in bonds and other securities	-128.4	-93.1
Cash flow from investing activities	**-134.3**	**-114.0**
Financing activities		
Interest paid on Additional Tier 1 capital	-21.9	-19.1
Amortization of lease liabilities	-8.0	-
Cash flow from financing activities	**-30.0**	**-19.1**
Cash flow for the period	**583.6**	**640.4**
Cash at beginning of the period	1,945.9	1,305.8
Translation difference	-	-0.3
Cash at end of the period	**2,529.5**	**1,945.9**

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

Liquid funds in EUR and NOK have been converted at the balance sheet date rate.

During the year, we have disposed Intangible fixed assets, which is why reversal of depreciation is negative.

Parent Company statement of profit/loss

	NOTE	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
SEK MILLION			
Interest income	5	1,025.8	892.4
Interest expenses	5	-194.1	-131.1
NET INTEREST INCOME	**5**	**831.7**	**761.3**
Commission income	6	22.9	15.2
NET COMMISSION INCOME	**6**	**22.9**	**15.2**
Net result from financial transactions	7	4.7	-1.0
Other operating income		2.1	0.9
TOTAL OPERATING INCOME		**861.4**	**776.4**
General administrative expenses	8	-335.1	-274.7
Depreciation and impairments of tangible and intangible fixed assets	16,17,30	-9.4	-18.0
TOTAL COSTS BEFORE CREDIT LOSSES		**-344.5**	**-292.8**
PROFIT/LOSS BEFORE CREDIT LOSSES		**516.9**	**483.7**
Credit losses, net	9	-431.7	-402.8
OPERATING PROFIT		**85.2**	**80.9**
PROFIT/LOSS BEFORE TAX		**85.2**	**80.9**
Tax	10	-22.0	-21.0
NET PROFIT/LOSS		**63.3**	**59.8**

Parent Company statement of comprehensive income

	NOTE	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
SEK MILLION			
NET PROFIT/LOSS		**63.3**	**59.8**
Items that may be subsequently reclassified to the income statement			
Currency translation differences relating to foreign operations (net after tax)		0,3	0.3
Total items that may be subsequently reclassified to the income statement		**0,3**	**0.3**
COMPREHENSIVE INCOME FOR THE YEAR		**63.6**	**60.1**

Parent Company statement of financial position

	NOTE	31/12/2022	31/12/2021
SEK MILLION			
Cash and balances with central banks	11	521.7	327.2
Treasury bills eligible for repayment	12	671.4	537.0
Loans to credit institutions	13	2,001.4	1,606.1
Loans to the public	14	12,373.4	11,073.2
Shares and units in Group companies	15	2.0	2.0
Intangible fixed assets	16	43.3	30.9
Tangible assets	17,30	5.3	1.3
Current tax assets	10	35.3	43.9
Other assets	18	37.6	46.5
Prepaid expenses and accrued income	19	19.4	7.7
TOTAL ASSETS		**15,710.8**	**13,675.8**
LIABILITIES AND PROVISIONS			
Deposits from the public	20	13,928.0	11,892.6
Derivatives	21	1.0	24.9
Provisions	22	0.7	0
Other liabilities	23	77.3	128.8
Accrued expenses and prepaid income	24	55.1	25.4
Subordinated debt	25	248.9	247.3
TOTAL LIABILITIES		**14,311.0**	**12,318.9**
EQUITY			
Share capital		12.8	12.8
Statutory reserve		1.8	1.8
Fund for development expenditure		43.2	29.8
Additional Tier 1 capital	26	198.0	196.7
Retained earnings incl. profit for the year		1,144.1	1,115.8
TOTAL EQUITY		**1,399.9**	**1,356.9**
TOTAL LIABILITIES AND EQUITY		**15,710.8**	**13,675.8**

Parent Company statement of changes in equity

31/12/2022

SEK MILLION

	RESTRICTED EQUITY			UNRESTRICTED EQUITY		
	SHARE CAPITAL	FUND FOR DEVELOPMENT EXPENDITURES	STATUTORY RESERVE	OTHER CONTRIBUTED CAPITAL	RETAINED EARNINGS INCL. PROFIT/LOSS FOR THE PERIOD	TOTAL
Opening balance at 01/01/2022	**12.8**	**29.9**	**1.8**	**196.6**	**1,115.7**	**1,356.9**
Comprehensive income for the period	-	-	-	-	63.6	63.6
Reported in income statement	-	-	-	-	63.3	63.3
Reported as other comprehensive income	-	-	-	-	0.3	0.3
Change in fund for development expenditure	-	13.4	-	-	-13.4	-
Tier 1 capital, AT1	-	-	-	1.3	-	1.3
Interest and dividends on Tier 1 capital instruments	-	-	-	-	-21.9	-21.9
Transactions with shareholders						
Shareholder contribution	-	-	-	-	-	-
Option programme	-	-	-	-	-	-
Closing balance at 31/12/2022	**12.8**	**43.2**	**1.8**	**198.0**	**1,144.1**	**1,399.9**

31/12/2021

SEK MILLION

	RESTRICTED EQUITY			UNRESTRICTED EQUITY		
	SHARE CAPITAL	FUND FOR DEVELOPMENT EXPENDITURES	STATUTORY RESERVE	OTHER CONTRIBUTED CAPITAL	RETAINED EARNINGS INCL. PROFIT/LOSS FOR THE PERIOD	TOTAL
Opening balance at 01/01/2021	**12.8**	**25.3**	**1.8**	**195.3**	**1,080.7**	**1,315.9**
Comprehensive income for the period	-	-	-	-	60.1	60.1
Reported in income statement	-	-	-	-	59.8	59.8
Reported as other comprehensive income	-	-	-	-	0.3	0.3
Change in fund for development expenditure	-	4.6	-	-	-4.6	-
Tier 1 capital, AT1	-	-	-	1.3	-	1.3
Interest and dividends on Tier 1 capital instruments	-	-	-		-20.5	-20.5
Transactions with shareholders						
Shareholder contribution	-	-	-	-	-	-
Option programme	-	-	-	-	-	-
Closing balance at 31/12/2021	**12.8**	**29.9**	**1.8**	**196.6**	**1,115.7**	**1,356.9**

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

Parent Company statement of cash flow

SEK MILLION	31/12/2022	31/12/2021
Operating activities		
Operating profit	85.2	80.9
Of which interest paid	950.7	857.3
Of which interest paid	-147.8	-131.2
Adjustment for items not included in cash flow		
Unrealised credit losses (Provisions)	437.7	364.4
Depreciation of tangible and intangible assets	-12.5	18.0
Other non-cash items	-6.0	-
Income tax paid	-13.0	-64.2
Cashflow from operating activities before changes in operating capital	**491.4**	**399.1**
Change in the assets and liabilities of operating activities		
Increase (-) /decrease (+) loans to the public	- 1,738.5	-1,459.1
Increase (-) /Decrease (+) in other assets	-25.6	18.4
Increase (-) /decrease (+) deposits from the public	2,035.5	1,732.8
Increase (-) / Decrease (+) of other liabilities	-17.3	78.3
Cash flow from operating activities	**745.5**	**769.5**
Investing activities		
Acquisition/Sale of tangible fixed assets	-6.0	-1.0
Acquisition/Sale of intangible fixed assets	-	-19.9
Investment loanable government bonds	-128.4	-93.1
Cash flow from investing activities	**-134.4**	**-114.0**
Financing activities		
Interest dividends	-21.9	-19.1
Cash flow from financing activities	**-21.9**	**-19.1**
Cash flow for the period	**589.2**	**636.4**
Liquid funds at beginning of the period	1,933.9	1,295.6
Translation difference liquid funds	-	0.7
Liquid funds at end of period	**2,523.1**	**1,933.9**

Liquid funds are defined as the total of loans to credit institutions and cash with central banks. We have under scrapped Intangible fixed assets, which is why reversal depreciation is negative.

Notes

1 GENERAL INFORMATION

Avida Finans AB (publ) Corp ID. no. 556230-9004, with its subsidiaries Avida Finans AB NUF Corp ID no. 990 728 488 and Avida Finans AB Finland Corp ID No. 2541768-9, provides services in loans and savings to the general public as well as factoring and invoicing. The Group also includes the subsidiary Avida Norge AS, Corp ID no. 913 778 367 which previously ran debt collection and credit reporting operations in Norway. During 2020, a downstream merger took place, which meant that the previous financial holding company, Avida Holding AB has been merged into Avida Finans AB. As a result, Avida Finans AB (publ) is now the Parent Company of the Group. The Parent Company is based in Stockholm, Sweden. The address of the head office is Magnus Ladulåsgatan 65, Stockholm. The Group's operations are described in more detail in the Management Report.

Avida Finans AB (publ) has had a permit from Swedish Financial Supervisory Authority as a credit market company since 2000.

2 ACCOUNTING AND VALUATION PRINCIPLES

The Consolidated Financial Statements for Avida Group are prepared in accordance with the International Accounting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as well as interpretation statements from the IFRS Interpretations Committee as they have been approved by EU. Furthermore, the Annual report is prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), Swedish Financial Supervisory Authority's regulations and general guidelines regarding annual accounts at credit institutions and securities companies (FFFS 2008:25) and RFR1 Supplementary Accounting Rules for Groups, issued by the Swedish Financial Reporting Board.

The Parent Company's annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), the Financial Reporting Board's Recommendation RFR2 Reporting for Legal Entities and the Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2008:25). FFFS 2008:25, the so-called statutory IFRS, means that International Financial Reporting Standards (IFRS), as approved by the EU, are applicable for the preparation of the financial reports, with the restrictions and additions that follow from RFR 2. The differences in accounting principles between The parent company and the Group appear further down in this note.

The accounting principles stated below have been applied consistently to all periods presented in the financial statements, unless otherwise stated.

SIGNIFICANT ESTIMATES AND JUDGEMENTS IN THE FINANCIAL STATEMENTS

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

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

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

When examining the need for impairment of loan receivables, the most critical assessment 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 "Credit losses and impairments on financial instruments" and the sensitivity analysis in Note 3.

NEW AND AMENDED STANDARDS APPLIED BY THE GROUP

None of the new standards, amendments or interpretations that have come into force after the financial year beginning on 1 January 2022 have had a significant impact on the group.

NEW APPLICABLE STANDARDS, AMENDMENTS AND INTERPRETATIONS OF EXISTING STANDARDS THAT HAVE NOT YET ENTERED INTO FORCE AND WHICH HAVE NOT BEEN APPLIED PREMATURELY BY THE GROUP

Avida is affected by the ongoing reference interest rate reform and the accounting issues that arise when financial instruments that refer to an IBOR interest rate switch to an alternative reference interest rate. Avida currently borrows and lends with interest rates linked to Stibor, Nibor and Euribor. The company has no exposure in the form of interest rate swaps linked to Stibor or Euribor. With respect to the IBOR rates to which Avida is exposed, there is uncertainty regarding the timing and specific nature of changes. Avida follows developments and continuously works to identify and control current exposures.

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 position, results, cash flow or disclosures.

CONSOLIDATED ACCOUNTS

Subsidiaries are all companies over which the Group has a controlling influence. The Group has controlling influence over a company when it is exposed to or is entitled to variable returns from its holding in the company and can influence the return through its controlling influence in the company. They are excluded from the Consolidated Financial Statements from the date on which the controlling influence ceases. The Consolidated Financial Statements have been prepared on the basis of the acquisition method.

SEGMENT ACCOUNTING

Segment information is presented in a manner that is consistent with the Company's internal reporting, which is submitted to the highest executive decision-maker within the Company who is also responsible for allocating resources based on the information in the segment reporting. The Company follows the segment reporting from a customer perspective in which Business Finance comprises Factoring and Corporate Loans, and Consumer Finance comprises loans and credits. Company management also monitors operating revenue and loan balances on a geographical level. The highest executive decision-maker follows the earnings concept of operating profit/loss. Profit items that are not directly attributable to segments are allocated with allocation formulas that the Company management believes provide a fair distribution to the segments.

CONVERSION OF FOREIGN CURRENCY

Functional currency and reporting currency

Items included in the financial statements are valued in the currency used in the economic environment in which the respective company/ branch mainly operates (functional currency). The annual report uses SEK, which is the Group's functional currency. All amounts are, unless otherwise stated, presented in SEK million.

Transactions and balance sheet items

Transactions in foreign currency are converted to the functional currency at the exchange rates that apply on the transaction date or the date the items are revalued. Exchange rate gains and losses arising from the payment of such transactions and the conversion of monetary assets and liabilities in foreign currency at the rate of exchange on the balance sheet date are reported in the income statement under Net result from financial transactions.

Foreign branches and subsidiaries

Avida Finans AB also operates through branches in Norway and Finland.

Profit/loss and financial position of the foreign branches and subsidiaries that have a different functional currency than the reporting currency are translated into the group's reporting currency as follows:

a) Assets and liabilities for each of the balance sheets are translated at the balance sheet date rate,
b) Revenues and expenses for each of the income statements are translated at the average exchange rate.

When recalculating the reported earnings of the foreign branches and subsidiaries, there may be a difference in the equity of the Company due to the different exchange rates. This conversion difference is reported in the income statement under Other Comprehensive Income.

LEASE AGREEMENTS, IFRS 16

The Group leases office premises and parking spaces. Leases are reported as rights of use and are included in tangible fixed assets with a corresponding leasing liability included in other liabilities from the date on which the leased asset is available for use by the group. The exception is payments for short-term contracts and leases of minor value that are expensed on a linear basis in the income statement.

The leasing liability is initially recorded at the present value of the group's future lease payments. Leasing payments are discounted at the implicit interest rate of the lease if this interest rate can be easily determined; if not, Avida's marginal borrowing interest is used, which is the interest rate that the group would have to pay for financing through loans for a corresponding period, and with corresponding collateral, for the right of use of an asset in a similar financial environment. Upon subsequent valuation of the leasing liability, the carrying amount increases with interest and decreases with paid leasing fees. In addition, the leasing liability increases or decreases in the event of reassessments or changes to the lease agreement. Upon subsequent valuation of the right of use, this is valued at cost less accumulated depreciation and any accumulated impairment losses and taking into account any revaluations of the leasing liability. Each lease payment is distributed between the amortisation of the debt and the financial cost. The financial cost is distributed over the lease period in accordance with the effective interest method.

REVENUE REPORTING AND REPORTING OF INTEREST EXPENSES

Interest income and Interest expenses

Interest income on receivables and interest expenses on liabilities are calculated and reported using the effective interest method. The effective interest rate is the interest rate that means that the present value of all estimated future cash payments and disbursements during the expected interest rate refixing period will be equal to the carrying amount of the claim or debt. Interest income and interest costs include, where applicable, accrued amounts of fees received which are included in the effective interest rate, transaction costs and any discounts, premiums and other differences between the original value of the claim/liability and the amount settled at maturity. Interest income is recognised on the basis of the assets on the gross reported value of assets in steps 1 and 2 and net reported value in step 3.

Interest income and interest expenses presented in the income statement consist of interest on financial assets and liabilities that are valued at amortised cost according to the effective interest method including interest on bad debts.

COMMISSION INCOME

The Parent Company and the Group report items in the income statement relating to commission income and commission expenses. These are reported in accordance with IFRS15 and income recognition thus takes place in line with the fulfilment of performance commitments in relation to brokered insurance to consumers.

The commissions refer to the part of the customers' paid premiums that Avida receives as compensation for its duties as group representatives and associated insurance intermediaries. The premiums are calculated as a percentage of the customers' monthly payment for the loan, where some belong to the insurer Amtrust, and some belong to Avida.

NET RESULT FROM FINANCIAL TRANSACTIONS

The item Net result from fiancial transactions contains realised and unrealised changes in value attributable to financial transactions within the framework of the Company's operations. The item consists of: realised and unrealised changes in the value of derivative instruments, changes in the market value of financial assets and liabilities that are valued at fair value throug profit and loss, exchange rate differences and realised gains and losses attributable to the Company's liquidity management.

GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses include staff costs and other administrative expenses such as IT costs, external services (audit, and other services), costs for premises, telephone and postage costs as well as other costs.

TAX

Recognised income taxes include taxes payable or receivable in relation to the current year, adjustments relating to previously applicable taxes and the effect of group contributions paid or received. Tax liabilities or tax receivables are valued at what, in the Group's assessment, should be paid or received from the Tax Authority.

Deferred tax is calculated according to the balance sheet method based on temporary differences between reported and tax values of assets and liabilities.

The valuation of deferred tax is based on how reported values of assets or liabilities are expected to be realised or regulated. Deferred tax is calculated using the tax rates and tax rules decided or practically decided on the balance sheet date. Deferred tax assets relating to deductible temporary differences and loss carry forwards are only recognised to the extent that it is probable that these will be utilised. The value of deferred tax assets is reduced when it is no longer considered likely that they can be used.

FINANCIAL ASSETS AND LIABILITIES

Financial assets recognised on the balance sheet include cash and balance sheets with central banks, bonds and other securities, lending to credit institutions, lending to the public, other assets and derivatives. Financial liabilities include deposits from the public, subordinated debt, derivatives and other liabilities.

Recognition and derecognition

A financial asset or financial liability is recognised in the balance sheet when the Company becomes a party according to the contractual terms of the instrument.

A financial asset is removed from the balance sheet when the rights in the agreement are realised, mature or the Group loses control over them. The same applies to part of a financial asset. A financial liability is derecognised when the obligation in the agreement is fulfilled or otherwise extinguished. The same applies to part of a financial liability. A financial asset and a financial liability are only set off and reported with a net amount in the balance sheet when there is a legal right to set off the amounts and there is an intention to settle the items with a net amount or at the same time realise the asset and settle the debt.

Acquisition and divestment of financial assets is reported on the trade date, which is the date on which the Company agrees to acquire or sell the asset.

If agreed cash flows for a loan have been renegotiated or otherwise modified, Avida makes an assessment of whether the change is so significant that the modification leads to deletion from the balance sheet or if the change results in a modification gain or loss. The change is considered significant when the renegotiated conditions mean that the discounted present value of cash flows differs by more than ten per cent from the present value under the original loan agreement. The ten per cent materiality threshold is determined on the basis of a qualitative assessment of what is considered a reasonable level. This level also corresponds to the threshold for materiality that applies to modifications of debt instruments.

Classification and measurement

Financial instruments are initially recognised at the fair value of the instrument with the addition of transaction costs, except for derivatives and the instruments that belong to the category financial assets recognised at fair value through profit and loss, which are recognised at fair value excluding transaction costs. Financial assets are classified at initial recognition based on the business model for the management of financial assets and based on the characteristics of the contractual cash flows.

Financial assets included in a portfolio or group of assets held to collect the contractual cash flows are recognised at amortised cost if the contractual cash flows are only made up of principal and interest.

Avida evaluates the business model based on, in particular, frequency, scope and reason for sales and how the risks and return of the portfolios are measured. The properties of the contractual cash flows are assessed based on whether they only constitute repayment of principal amounts and interest where the interest rate is compensation for credit risk, the time value of money and margins. The classification determines how the financial instrument is valued after initial recognition.

Each financial instrument has been classified as belonging to one of the following categories:

Financial assets
- Financial assets valued at fair value through profit and loss
- Amortised cost

Financial liabilities
- Financial liabilities valued at fair value through profit and loss
- Amortised cost

FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial assets and liabilities are measured at fair value, excluding transaction costs, through profit or loss in accordance with IFRS 9. The assets affected are foreign exchange forwards, endowment insurance and government and municipality bonds. Foreign exchange forwards are reported in the balance sheet under the item Derivative instruments. Bonds are included in the balance sheet under Treasury bills eligible for repayment. Endowment insurance has recognized under Other assets in the balance sheet. All changes in the value of these items are recognised directly in the income statement under Net result from financial transactions. Transaction costs are expensed directly in the income statement.

FINANCIAL ASSETS AND LIABILITIES VALUED AT AMORTISED COST

Financial assets recognised at amortised cost are held in a business model with the aim of collecting contractual cash flows that are only made up of principal and interest. These are represented in the balance sheet by the balance sheet items Cash and balances with central banks, Treasury bills eligible for repayment (except the fund reported at fair value), Lending to to credit institutions, Lending to the public, Other assets and Prepaid expenses and accrued income. These assets are valued at amortised cost after deductions for expected credit losses, except for the fund which is valued at fair value through the income statement. The amortised cost is determined based on the effective interest rate calculated at the acquisition date.

Financial liabilities that are not classified as “Financial liabilities valued at fair value through profit and loss” are initially reported at fair value with the addition of transaction costs and then at amortised cost using the effective interest method. This category mainly includes issued securities, public deposits and liabilities to credit institutions. Realised earnings from repurchases of own liabilities affect the profit for the year when they arise and are reported under the heading “Net result from financial transactions”, while the effective interest rate is reported as interest expense.

DERIVATIVES

Avida uses foreign exchange forwards as part of the process of meeting the Company’s liquidity requirements in different currencies. These are reported in the balance sheet as Derivatives under financial assets or financial liabilities. The Group also holds a fund containing high-quality assets that meet the requirements for being credited for LCR purposes. This fund is reported on the balance sheet under the item Treasury bills eligible for repayment, and is classified as a financial asset valued at fair value through profit and loss.

All derivatives are valued at fair value in the balance sheet. As Avida does not apply hedge accounting, value changes are recognised directly in the income statement under “Net result from financial transactions”. This also applies in cases where derivatives financially secure risk but where hedge accounting is not applied. Derivatives are therefore classified as valued at fair value profit and loss.

CASH FLOW ANALYSIS

The cash flow analysis is prepared in accordance with the indirect method. The reported cash flow only includes transactions that involve deposits and payments.

SHARES AND UNITS IN GROUP COMPANIES

Shares in Group companies are reported at acquisition value after deduction of any impairment losses. The acquisition value includes acquisition-related costs and any additional consideration.

In accordance with IAS 36, the Parent Company annually makes an assessment of whether there is any indication that the book value of the shares may have been reduced by making a calculation of the recoverable value. Impairments are reported under Impairment of financial fixed assets.

CREDIT LOSSES AND IMPAIRMENTS ON FINANCIAL INSTRUMENTS

Impairment testing of financial assets

IFRS 9 reflects the credit losses that Avida expects. In line with the regulatory framework, credit losses are calculated based on historical risk data in combination with forward-looking information. The Company’s financial assets that are valued at amortised cost are covered by the principles. If a borrower is late by more than 90 days, the loan is credit-impaired and regarded as an uncertain receivable. Credit losses and impairment losses are calculated using the quantitative and qualitative components below.

Quantitative components

For the quantitative model, assets are divided into three stages depending on the current credit quality. The expected maturity of the assets is equal to the contractual maturity, but not more than fifteen years.

The Probability of Default (PD) reflects the expected probability that the creditor defaults. PD is calculated by analysing the historical evolution of default for similar assets. For business lending, Avida uses data from an external supplier that reflects the risk of default in a similar business area.

The Loss Given Default (LGD) reflects expected loss after deduction of collateral, agreed or offered sales revenue for sold defaulted assets or expected recoveries.

The Exposure at Default (EAD) reflects the remaining receivable after contractual repayments prior to the loan entering default. For applicable products, the expected utilisation rate is used instead for the determination of EAD.

The Expected Credit Loss (ECL) for a time period is the discounted product of the asset’s EAD, PD and LGD. The discount factor is equal to the effective interest rate of each asset.

Stage 1 - 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 loss within the coming 12 months is recognised.

Stage 2 - Assets that have shown a significant increase in credit risk since initial recognition. Here, an expected loss over the entire lifetime of the asset is reported. The Company makes assessments about significantly increased credit risk by using individual and collective information and reflects the risk at individual level. The Company uses both relative and absolute measures to determine whether there is a significant increase in credit risk. Assets that show a significant increase in credit risk must be transferred from stage 1 to stage 2 and the expected credit losses should, as mentioned above, be based on the remaining maturity of the asset. Assets that are transferred from stage 1 to stage 2 leads to an increased probability of default (PD). Furthermore, the transfer from stage 1 to stage 2 leads to significantly higher provisions because the time horizon is based on the remaining life span and not the coming 12 months.

In addition to this, the Company uses a so-called back stop, meaning that a loan which is due between 30 and 90 days is always considered stage 2.

Stage 3 - Assets that are credit-impaired, i.e. the borrower is late with payment for more than 90 days. Assets in stage 3 are written down at both individual levels, and at collective levels in cases where they are homogeneous groups. Actual and expected credit losses decreases the value of an asset in the balance sheet.

Avida considers an asset credit-impaired if any of the following criteria are met:

- The Borrower is declared bankrupcy, has publicly suspended payments or has applied for public debt settlement arrangements
- The Borrower has loans that are more than 90 days overdue
- The loan is restructured and/or has forbearance measures
- The loan is insolvent based on an individual expert assessment.

The company has the option of applying certain loan modifications, such as changing the term of the credit and offering pay free periods, under certain conditions. When a loan is modified, an assessment is made as to whether the modification results in removal from the balance sheet. A loan is considered modified when the terms and conditions governing cash flows change compared to the original agreement due to, for example, relaxations in loan terms, changes in market conditions, customer retention measures and other factors unrelated to a borrower's deteriorating creditworthiness. Modified loans are removed from the balance sheet and a new loan is recognized 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 difficulties of the borrower, including the granting of loan concessions, are not considered material on their own.

Cash and balances with central banks and government and municipal bonds are considered to have low credit risk. No expected credit loss is reported for these assets. For lending to credit institutions, a loss reserve is calculated based on the respective counterparty's credit rating.

Qualitative components

For the qualitative part, the calculations include forward-looking information based on a weighting of three conceivable macroeconomic scenarios: base, optimistic and pessimistic. These are valued at the balance sheet date with the following weights: base 80%, optimistic 10% and pessimistic 10%. Changes in unemployment and interest rate are expected to affect PD and LGD and thus the expected credit loss. The variables are produced in connection with the Company's capital and liquidity assessment and are the variables that have the highest impact on the Company's credit risk. Assets in stage 1 that have previously been in stage 2 or stage 3 based on so-called backstops still have an increased probability of default over a period of time even if they show an improved payment pattern. Assets in stage 2 which have previously been in stage 3 still have an increased probability of default over a period of time even if they show an improved payment pattern.

Reporting of actual credit losses

Loan receivables classified as credit-impaired are written off from the balance sheet either when (i) the claim is sold, or (ii) the receiver has provided an estimate of the dividend in bankruptcy, debt remediation, composition proposals, the claim is otherwise dismissed or when the Enforcement Authority or the Company's agent (debt collection company) states that assets to cover the debt are missing. After an asset is writen off, it is no longer recognised in the Company's balance sheet. Payments on written-off receivables are recognised as recoveries, reducing the company's credit losses.

TANGIBLE ASSETS

Owned assets

Tangible fixed assets are reported as an asset in the balance sheet if it is probable that future economic benefits will be at the disposal of the Company and the acquisition value of the asset can be reliably calculated.

Tangible fixed assets are reported at acquisition value less accumulated depreciation and any impairment. The carrying amount of a tangible fixed asset is removed from the balance sheet on retirement or disposal or when no future economic benefits are expected from the use or disposal/sale of the asset. Profit or loss arising from the sale or retirement of an asset consists of the difference between the selling price and the asset's carrying amount less direct selling costs.

Depreciation principles

Depreciation takes place linearly over the asset's estimated useful life. Estimated useful lives:

- Inventory 5 years

Used depreciation methods and the residual values and useful lives of the assets are reviewed at the end of each year.

INTANGIBLE FIXED ASSETS

Software

Acquired software licences are capitalised on the basis of the costs incurred when the software in question was acquired and commissioned. These capitalised costs are amortised during the estimated useful life of 5 years.

Costs for maintenance of software are expensed when they arise. Development costs directly attributable to the development and testing of identifiable and unique software products controlled by the Company are reported as intangible assets when the following criteria are met:

- it is technically possible to complete the software so that it can be used,
- the Company's intention is to complete the software and use or sell it,
- there are suitable conditions to use or sell the software,
- it can be shown how the software generates probable future

economic benefits,
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the costs which are attributable to the software during its development can be calculated reliably. Directly attributable expenses that are entered in the balance sheet as part of the software include employee expenses

Other development costs that do not meet these criteria are expensed when they arise. Development costs previously expensed are not recognised as assets in the subsequent period. Development costs for software reported as an asset are amortised during its estimated useful life, which is between 5 and 10 years.

IMPAIRMENTS OF TANGIBLE AND INTANGIBLE FIXED ASSETS

Impairment testing

The reported values of the Company's assets are tested at each balance sheet date to assess whether there is any indication of a need for impairment. If there is an indication of a need for impairment, the recoverable value of the asset is calculated according to IAS 36.

An impairment loss is recognised when an asset's carrying amount exceeds the recoverable amount. An impairment loss is charged to the income statement.

The recoverable value is the higher of fair value less selling costs and value in use. When calculating the value in use, future cash flows are discounted with a discounting factor that takes into account risk-free interest rates and the risk associated with the specific asset.

Recovery of impairment losses

An impairment is reversed if there is both an indication that the need for impairment no longer exists and there has been a change in the assumptions underlying the calculation of the recoverable value. A reversal is only made to the extent that the asset's reported value after reversal does not exceed the reported value that would have been reported, less depreciation, if no write-down had been made.

EMPLOYEE BENEFITS

The Group's remuneration policy, which has been published on the Group's website (www.avida.se), has been decided by Avida's Board with regard to the Swedish Financial Supervisory Authority's regulations in FFFS 2011:1.

The compensation system is designed with almost exclusively fixed compensation. 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 the sales personnel.

Pension costs

The Company's pension plans are financed through payments to insurance companies. The Company 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. For defined-contribution pension plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the fees have been paid. The fees are recorded as the employee earns the pension and are reported under General Administration Expenses.

PARENT COMPANY ACCOUNTING PRINCIPLES

The parent company's annual report has been prepared in accordance with the Act on annual reports in credit institutions and securities companies (ÅRKL), the Swedish Financial Reporting Board's recommendation RFR2 Accounting for legal entities and the Financial Supervisory Authority's regulations (FFFS 2008:25). FFFS 2008:25, so-called statutory IFRS, means that the International Financial Reporting Standards (IFRS), as approved by the EU, are applicable for the preparation of the financial reports, with the limitations and additions that follow from RFR 2. Below is a description of discrepancies in accounting principles between the group and the parent company.

Presentation form for the income statement and balance sheet

The parent company follows ÅRKL's presentation form for the income statement and balance sheet, which means, among other things, a different presentation form for equity. The Parent Company reserve fund is reported in the Group as retained earnings, while the Parent Company Fund for fair value is included in the Group Reserves.

Leasing

Leases in the Parent Company are attributable to normal agreements for the business and mainly relate to office premises and office equipment. Avida Finans AB (publ) has chosen to apply the exceptions in RFR 2 in the parent company's accounting. IFRS 16 therefore does not affect the parent company. In the parent company, expenses for leasing contracts are expensed as incurred.

Pensions

The Swedish Pension Obligations Vesting Act and regulations from the Swedish Financial Supervisory Authority contain rules that lead to a different reporting of defined benefit pension plans than those stated in IAS 19. The application of the Swedish Pension Obligations Vesting Act is a prerequisite for tax deductibility. Given this, RFR 2 states that the rules in IAS 19 regarding defined benefit pension plans do not need to be applied to legal entities.

Subsidiaries

Shares in subsidiaries are reported in the Parent Company according to the acquisition method.

Dividends

Dividends received from subsidiaries are reported in the profit and loss. Anticipated dividends from subsidiaries are reported in cases in which formal decisions are made by the subsidiary or in which the Parent Company otherwise has full control over the decision-making process before the Parent Company publishes its financial statements. Dividends paid are reported as a reduction of unrestricted equity after a decision on dividends has been made at the annual general meeting.

Group contribution

Group contributions received from subsidiaries are reported in profit and loss, while Group contributions paid by the Parent Company to subsidiaries are reported as an increase in shares in Group companies.

3 FINANCIAL RISK MANAGEMENT

FINANCIAL RISKS AND FINANCIAL RISK MANAGEMENT

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

Risk management aims to ensure the long-term success of Avida through identification and analysis of the risks that exist in the business and setting appropriate limits for these, ensuring that there are controls in place. The risks are monitored and checks are made on an ongoing basis so that limits are not exceeded. Risk policies, risk appetite and risk management systems are reviewed regularly to check that these are correct and reflect current market conditions, as well as the products and services offered.

The risk framework is continuously reassessed to cover all risks to which Avida chooses to expose itself. All risks are restricted through limits for which an ongoing follow-up is carried out to ensure the reasonableness and/or level of risk taking. Any early warnings for the limits or actual limit breaches will be treated as incidents and addressed promptly. Avida works with external and internal limits, as well as target levels. External limits correspond to regulatory-linked requirements, while internal limits are limits determined by the Board. The target levels signal early warnings for management to act before a limit breach is risked. Avida has ensured good regulatory compliance by also defining internal limits and target levels for external limits.

The risk framework is updated annually through capital and liquidity assessment and on an ongoing basis through the change process (NPAP) or if necessary for example, using changed market conditions. The capital and liquidity evaluation is carried out through stress testing of the risk exposure to ensure that Avida has sufficient capital and liquidity. The stress test methods established in the capital and liquidity assessment are conducted monthly or quarterly to reflect the development of chosen risk exposures.

Within the Company, there is a function for risk control that is led by the Chief Risk Officer, who is directly subordinate to the CEO, whose task is to compile, analyse and report all the Company's risks. The risk control function monitors and controls the Company's risk management performed in the business.

Avida also has a comprehensive team for regulatory compliance led by the Director of Regulatory Compliance who reports directly to the CEO and whose task is to evaluate company compliance with laws, regulations and other relevant rules.

Avida outsources the internal audit assignment to Grant Thornton, which is responsible for reviewing and evaluating whether Avida's internal controls are appropriate and effective. Grant Thornton started the internal audit assignment at the beginning of 2021.

CREDIT RISK

Credit/counterparty credit risk refers to the risk that the Company does not receive payment according to agreement and/or will make a loss due to the counterparty's inability to fulfil its obligations. Avida always assesses the creditworthiness of all loans provided and only lends money to customers who have a repayment capacity, as well as an expected high level of willingness to pay. The Company normally consolidates collateral for lending to companies that manage and minimise the loss in the event of non-payment. For private lending, Avida works actively to divest the bad debts using the strategy of retaining the receivables, provided the underlying value exceeds the bid.

The Company's credit portfolios can be divided into Private lending and Business lending:

Private lending	Corporate lending
Private loan	Factoring
Revolving Credit	Corporate Loan
	Revolving credit

In common for all lending, major credit commitments (all of the creditor's own connections and debts) are reviewed at least once a year by the competent credit authority. The Company has established limits for how much commitment is allowed in order to manage the concentration risk with individual counterparties. The Company also has a good credit risk spread within Sweden, Norway, Finland, Denmark, Germany and the Netherlands, which reduces the risk of concentration in regions. In company lending, the Company has a good industry spread of risk exposures. The private lending portfolio is divided across many private customers, which is usually referred to as the portfolio taking the character of a collective and means that the concentration risk is low in terms of regions, counterparties and industries.

The Company's procedures for monitoring credit exposures are adequate and focus on taking measures for primarily overdue payments and unregulated receivables. This aims to minimise credit losses at an early stage through the early detection of payment problems by borrowers and the subsequent rapid processing of any claims. Monitoring takes place with the support of a special requirement system that automatically monitors and reminds us when a requirement measure is required.

MAXIMAL EXPOSURE FOR CREDIT RISK

GROUP	31/12/2022	31/12/2021
SEK MILLION	**Total**	Total
Cash and balances at central banks	521.7	327.2
Loanable government debt obligations	671.4	537.0
Loans to credit institutions	2,008.3	1,619.0
Loans to the public	13,650.1	11,926.9

Maximum exposure to credit risk is presented as the book value less any provisions. Within lending to the public, there are loans both with and without collateral. Within business finance, there are factoring insurances that reduce the exposure in the event of a debtor's default. The collateral available for corporate loans and revolving credits is primarily in the form of shares and business mortgages. Within Consumer Finance, only unsecured loans are issued.

CREDIT QUALITY

GROUP	31/12/2022			31/12/2021		
SEK MILLION	**Company**	**Private**	**Total**	Company	Private	Total
Loans to the public, gross	**3,473.7**	**10,176.4**	**13,650.1**	**3,260.7**	**8,666.3**	**11,927.5**
of which are Stage 1	3,131.4	7,447.7	10,579.0	3,163.9	6,781.9	9,945.8
of which are Stage 2	242.9	601.5	844.4	28.3	438.1	466.4
of which are Stage 3	99.4	2,127.2	2,226.7	68.5	1,446.7	1,515.2
Total provisions	**-104.6**	**-1,170.7**	**-1,275.3**	**-72.2**	**-778.7**	**-850.9**
of which provisions stage 1	-8.5	-92.4	-100.9	-8.1	-87.4	-95.5
of which provisions stage 2	-8.2	-95.4	-103.6	-3.7	-51.5	-55.2
of which provisions stage 3	-87.9	-982.9	-1,070.8	-60.4	-639.8	-700.2
Loans to the public, net	**3,369.1**	**9,005.7**	**12,374.8**	**3,188.5**	**7,887.6**	**11,076.6**

AGE ANALYSIS

GROUP	31/12/2022			31/12/2021		
SEK MILLION						
Loans to the public	**Company**	**Private**	**Total**	**Company**	**Private**	**Total**
Receivables not due	2,711.8	6,889.9	9,601.7	527.0	5,763.0	6,290.0
1-30	896.4	601.4	1,497.8	2,637.9	1,180.9	3,818.8
31-90	16.2	437.1	453.3	15.6	315.0	330.6
>90	14.5	807.5	822.0	8.3	628.7	637.0
Total	**3,638.9**	**8,735.9**	**12,374.8**	**3,188.5**	**7,887.6**	**11,076.6**

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 have the same structure with the difference that the creditor is granted a limit that can be reused after repayment. Avida uses automated processes for the provision of credit within private lending, which includes customary credit testing, testing of repayment capacity and willingness to pay as well as adequate customer due diligence processes before approving a credit. The automatic processes are designed specifically for each individual country. Scoring takes into account both internal and external information about the applicant, such as payment or application history. The credit decision is made automatically based on rules set by the Company's credit and price committee. Decisions that cannot be made under these rules will be forwarded to credit administrators who make the credit decision in accordance with instructions and given decision mandate. The decisions affect the offer in terms of amounts and interest and are followed up and analysed on an ongoing basis by the Company analysis team, which provides recommendations for improvement.

The claim processes are handled internally until the Company either sells overdue loans and thereby realises the credit loss or, alternatively, retains overdue loans as a fully or partially reserved claim. The receivables are valued at amortised cost.

Avida's assessment of credit risk in private lending is that it is considered medium within the Company's risk appetite and therefore acceptable given an ongoing assessment of the risk versus return that the business contributes.

Business lending

The portfolio for business lending consists of the products Factoring, Business loans and Revolving credits.

Factoring refers to the purchase or lending of invoices both with and without right of recourse. The maturity period is generally short and generally falls below 60 days. Avida has a good history of low credit losses within the product area as a result of careful monitoring of payment flows and management of credit risk and counterparty exposures.

Business loans and Revolving credit are customer-specific credits within the framework of Avida's risk appetite. The loans can be issued with or without collateral, and with or without amortisation and normally have a maturity of 1-5 years. In this area, there are also lending to small and medium-sized German and Dutch companies with a personal guarantee from the owner of a maximum of EUR 250 thousand, with annuity payments and a maturity of 1-5 years. There is no new lending within this part of the business, and it is currently under collection.

Common to the lending is that it is always preceded by individual analysis of the purpose of credit, repayment capability, market risk, the business including sensitivity tests, security documentation, company and ownership structure based on instructions and templates. The credit decision is made by the relevant credit committee.

Avida's assessment of credit risk in the area of corporate lending is that it is considered low with elements of a higher concentration risk compared to Private lending with regard to counterparties, but with a good spread in relation to industry and regions. Overall, the credit risk within the framework of the Company's risk appetite and acceptable given the good return on the transaction contributed.

Liquidity and other assets

Other assets almost exclusively consist of liquid assets: bank accounts with major Nordic credit institutions, central bank deposits and bonds with very good credit rating, mainly government bonds but also central government bonds.

Receivables are valued at amortised cost, but a small portion of liquidity is recognised at fair value through profit and loss. As of 31/12/2022, the Company has a smaller exposure to assets valued at fair value of SEK 162.9 (156.2) million. Fair value may affect earnings as a result of changes in the risk capital for credit risk in the market, i.e. the credit spread risk. This risk can only affect Avida by changing the exposure to these assets. Therefore, Avida holds a capital buffer for credit spread risk in Pillar 2 in accordance with current rules.

In this area, there is also a counterparty risk. Avida has entered into an ISDA agreement with a CSA-appendix with a daily adjustment of collateral to eliminate the counterparty risk.

Avida's assessment of credit risk for the other assets is very low and in line with the Company's risk appetite for other assets.

This part of the assets does not contribute with a return but is a necessary part of the business and crucial for the management of liquidity risk and market risk.

MARKET RISK

Market risk is the risk of financial losses in the form of reduced market values or increased expenses as a result of changes in exchange rates or interest rates. Avida exposes itself to exchange rate risk and interest rate risk in the business.

Avida's risk appetite for market risk is very low and comes as a natural part of Avida's business, which is handled by being removed or remedied as far as possible.

FOREIGN EXCHANGE RATE RISK

The Company has financing in SEK, NOK and EUR and an asset base in SEK, NOK, EUR, DKK, GBP, USD, PLN and CHF. In the event of a currency mismatch between assets and liabilities, there is a risk of exchange rate effects in the income statement when items in the balance sheet are recalculated. The Company's Treasury Department manages exchange rate risk through FX derivatives and by creating a natural match between currency exposures in the balance sheet.

CURRENCY EXPOSURE

Net exposure in SEK million in each currency	2022	2021
SEK MILLION		
EUR *)	-0.5	42.3
NOK *)	44.8	-0.8
Other *)	8.0	-0.7

*) In 2022, the net exposure in EUR excluding derivatives was equivalent to SEK 1,453,815,626 with foreign exchange forwards of SEK 1,453,815,626. The net exposure in NOK excluding derivatives was equivalent to SEK 298,643,285 with foreign exchange forwards of SEK 253,878,960. The net exposure in other currencies, excluding derivatives, was equivalent to SEK 305,732,939 with foreign exchange forwards of SEK 298,110,990.

INTEREST RATE RISK

Interest rate risk arises when there is no matching in interest rate fixing time between assets and liabilities. For the most part, Avida has both financing and assets with short interest rate re-fixing periods, which reduces the interest rate risk. The Company is exposed to the Swedish, Norwegian and European interest markets, which results in diversification that the company strategically strives for.

The Company works actively to monitor interest rate risk, control the exposure and price the risk when it arises. The Company's interest rate risk is primarily driven by business loans with fixed interest rates and government bonds, as those types of assets lack interest rate-matching financing. The Company's strategy is to have limited exposure to interest rate risk. A parallel change in the yield curve of 100 basis points would indicate a theoretical revaluation of the balance sheet of SEK 67.1 million as at 12/31/2022 (18.9 million as at 12/31/2021).

OPERATIONAL RISKS

Operational risks are the risk of losses due to errors or defects in processes and procedures. The risk also includes human errors, system errors and external irregularities. The area of operational risk also includes legal risks such as the risk of money laundering or other types of sanctions.

Avida defines its essential processes with process owners who carry out risk identifications at least once a year. These describe the operational risks that Avida sees within the processes. The Company uses a method that defines each identified risk with 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 overall 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. The risk areas that are categorised into are Organisation & Personnel, Processes, IT systems, External risks and Legal risks. The control areas that Avida works with are: automatic, permissions control, decisions, documentation, duality, insurance, control documentation, competence, continuity plans, manual, monitoring, reporting, periodic meetings, allocation of responsibilities, procedure descriptions and training. The areas that Avida strategically focuses on are automatic and skills.

Avida's risk appetite in operational risks is low and is a natural and important part of the business and operations.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will have difficulties fulfilling payment obligations in the short term. Liquidity risk can also be expressed as the risk of lost or impaired earning capacity as a result of the Company's payment commitments not being able to be fulfilled on time. In order to ensure the Company's short-term ability to pay in the event of lost or impaired access to normally available sources of financing, the Company maintains a separate reserve of liquid assets.

The Company makes specific demands on liquid assets, e.g. that these only consist of available funds that are not used as collateral. The liquidity reserve comprises of funds in cash/bank provided that such balances are available on the following banking day, bonds from reputable counterparties such as the Swedish government and central bank deposits.

The minimum size of the liquidity buffer is regulated by a limit imposed by the Board that is institution-specific and designed to manage Avida's inherent liquidity risk. Avida's assets are characterised by a higher proportion of early redemptions compared to the contractual maturity, while at the same time, the non-term deposits have the inherent behaviour of a slow out-flow of the Company's debt portfolio, which together contribute to the low liquidity risk Avida has and desires according to its risk appetite.

Avida has identified the following inherent liquidity risks: unexpected liquidity outflows from the deposit portfolios which mainly consist of non-time-bound deposits, unexpected liquidity outflows from the Company's unutilised limits, or approved but not yet paid loan commitments and unexpected liquidity outflows from counterparty risk management from Avida's currency exchange rate derivative.

In order to manage a situation with increased liquidity pressures, it is possible to adjust the borrowing rate in order to attract further borrowing from the public, reduce the rate of borrowing or attract capital injections in order to strengthen the liquidity situation.

Treasury is responsible for liquidity management. All new and changed limits must be approved by the Board. In this respect, the Company's risk management focuses on monitoring and verifying that the liquidity buffer is within limits. The Treasury Department reports liquidity daily and monitors intraday transactions as needed.

As a credit institution, Avida is subject to laws and regulations regarding liquidity requirements. At year-end, the Liquidity Coverage Ratio (LCR) was 298.81% (216.78), compared to the regulatory ratio of 100 percent. At year-end, the Net Stable Funding Ratio (NSFR) was 126.70% (157.0), compared to the regulatory ratio of 100 percent.

SENSITIVITY ANALYSIS

The table below shows the sensitivity in key figures from the risks described above. In terms of credit risk, unemployment is the single largest driver for detoriating LGDs.

MARKET AND INTEREST RATE RISK FOR LENDING AND DEPOSITS

GROUP	FINANCIAL MEASURE	CHANGE		2022		2021
Risks in deposits from the public						
Change in deposit interest rate	Profit/loss before tax	+/- 1 percent	+/-	128.4	+/-	115,1
	Change in equity	+/- 1 percent	+/-	102.0	+/-	91.4
Risks in loans to the public						
Change in lending interest rate	Profit/loss before tax	+/- 1 percent	+/-	120.4	+/-	108.0
	Change in equity	+/- 1 percent	+/-	95.6	+/-	85.8
Risks in loans to credit institutions						
Change in lending interest rate	Profit/loss before tax	+/- 1 percent	+/-	13.7	+/-	16.1
	Change in equity	+/- 1 percent	+/-	10.8	+/-	12.8

The table illustrates the effect on the key figures of a percentage change in deposit and lending rates. The average volume of deposits and lending to the public has increased during the year, which is why we see a greater effect on the key figures.

EXCHANGE RATE RISK

GROUP	FINANCIAL MEASURE	CHANGE		2022		2021
Risks for result from foreign branches and companies						
Change in exchange rate SEK-NOK	Profit/loss before tax	+/- 10 percent	+/-	8.1	+/-	9.7
	Change in equity	+/- 10 percent	+/-	6.4	+/-	7.7
Change in exchange rate SEK-EUR	Profit/loss before tax	+/- 10 percent	+/-	14.3	+/-	12.7
	Change in equity	+/- 10 percent	+/-	11.4	+/-	10.1

The table illustrates the effect on the key figures of a percentage change in exchange rates. The results of branches and subsidiaries are converted to SEK during consolidation, which is why exchange rate effects arise. The EUR exchange rate has strengthened against SEK during the year.

CREDIT RISK

GROUP	FINANCIAL MEASURE	CHANGE		2022		2021
Risk of change in recovery of overdue credits						
Changes in LGD	Profit/loss before tax	+/- 5 percent	+/-	107.2	+/-	93.6
	Change in equity	+/- 5 percent	+/-	85.1	+/-	74.3

The table illustrates the effect on the key figures of a percentage change in LGD on credit-impaired loans in stage 3.

LIQUIDITY EXPOSURE 2022

GROUP	PAID ON DEMAND	UP TO 3 MONTHS	3-12 MONTHS	BETWEEN 1-5 YEARS	MORE THAN 5 YEARS	TOTAL
SEK MILLION						
Assets						
Cash and balances with central banks	521.7	-	-	-	-	521.7
Treasury bills eligible for repayment	162.2	51.1	-	458.1	-	671.4
Loans to credit institutions	2,007.8	-	-	-	-	2,007.8
Loans to the public	1,501.9	2,344.1	992.7	3,691.1	3,844.9	12,374.8
Other assets	-	157.7	-	-	-	157.7
Total assets	**4,193.7**	**2,555.5**	**992.7**	**4,149.2**	**3,844.9**	**15,733.4**
Liabilities and provisions						
Deposits from the public	9,367.3	752.3	3,808.4	-	-	13,928.0
Derivatives	-	1.0	-	-	-	1.0
Other liabilities	-	146.4	-	-	-	146.4
Subordinated debt	-	-	-	-	248.9	248.9
Total liabilities and equity	**9,367.3**	**901.6**	**3,808.4**	**-**	**248.9**	**14,324.3**

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

LIQUIDITY EXPOSURE 2021

GROUP	PAID ON DEMAND	UP TO 3 MONTHS	3-12 MONTHS	BETWEEN 1-5 YEARS	MORE THAN 5 YEARS	TOTAL
MKR						
Assets						
Cash and balances with central banks	327.2	-	-	-	-	327.5
Treasury bills eligible for repayment	156.3	150.8	24.2	205.7	-	537.0
Loans to credit institutions	1,618.6	-	-	-	-	1,618.6
Loans to the public	3,844.0	154.2	334.1	1,833.9	4,909.8	11,076.1
Other assets	-	46.2	-	-	-	46.2
Total assets	**5,946.2**	**351.1**	**358.3**	**2,039.6**	**4,909.8**	**13,605.1**
Liabilities and provisions						
Deposits from the public	10,453.2	883.0	556.4	-	-	11,892.6
Derivatives	-	24.9	-	-	-	24.9
Other liabilities	-	135.3	-	-	-	135.3
Subordinated debt	-	-	-	-	247.3	247.3
Total liabilities and equity	**10,453.2**	**1,043.2**	**556.4**	**-**	**247.3**	**12,3001**

4 OPERATING SEGMENTS, GROUP

Management has determined the operating segments based on the information used as a basis for allocating resources and evaluating results. The company management assesses the business from an aggregate level distributed from a customer perspective; Consumer Finance and Business Finance. The profit measure that is followed up at segment level is the operating profit. Company management also monitors operating revenue and loan balances on a geographical level. Profit items that are not directly attributable to segments are allocated with allocation formulas that the company management believes provide a fair distribution to the segments.

SEGMENT REPORT 2022, GROUP	CONSUMER FINANCE	FACTORING	CORPORATE LOANS	TOTAL
SEK MILLION				
Interest income	757.3	174.6	96.2	1,028.1
Interest expenses	-143.5	-29.7	-20.9	-194.1
Commission income	22.9	-	-	22.9
Net result from financial transactions	-0.8	5.6	-	4.8
Other operating income	-	1.9	-	1.9
Total operating income	**635.9**	**152.3**	**75.3**	**863.6**
General administrative expenses	-205	-111.8	-15.9	-332.7
Depreciation and impairments of tangible and intangible fixed assets	-11.2	-2	-0.9	-14.1
Profit/loss before credit losses	**419.7**	**38.5**	**58.5**	**516.7**
Credit losses, net	-388.6	-30.9	-12.8	-432.2
Operating profit	**31.1**	**7.7**	**45.8**	**84.5**
Tax	-8.2	-1.9	-12.0	-22.1
Recognised profit after tax	**22.8**	**5.6**	**33.8**	**62.4**
Loans to the public	9,213.5	2,027.8	1,133.5	12,374.8
Net interest margin	6.5%	6.2%	6.1%	6.4%
Credit losses (%)	4.1%	1.3%	1.0%	3.3%
Return on Common Equity Tier 1 capital	1.7%	1.7%	37.9%	4.5%

SEGMENT REPORT 2021, GROUP	CONSUMER FINANCE	FACTORING	CORPORATE LOANS	TOTAL
SEK MILLION				
Interest income	658	149.8	96.1	903.9
Interest expenses	-95.5	-21.4	-14.3	-131.2
Commission income	15.2	-	-	15.2
Net result from financial transactions	-0.7	-0.4	0.2	-0.9
Other operating income	0.2	0.1	-	-
Total operating income	**577.2**	**128.1**	**81.9**	**787.3**
General administrative expenses	-156.9	-102.9	-15.7	-275.5
Depreciation and impairments of tangible and intangible fixed assets	-21.5	-2.5	-1.1	-25.1
Profit/loss before credit losses	**398.8**	**22.7**	**65.1**	**486.7**
Credit losses, net	-384.5	-7.4	-11	-402.9
Operating profit	**14.3**	**15.3**	**54.1**	**83.8**
Tax	-4.2	-4.5	-12.9	-21.6
Recognised profit after tax	**10.2**	**10.8**	**41.2**	**62.2**
Loans to the public	8,175.6	1,770.4	1,130.5	1,130.5
Net interest margin	6.7%	7.0%	7.0%	7.0%
Credit losses (%)	4.6%	0.4%	0.9%	0.9%
Return on Common Equity Tier 1 capital	1.2%	5.8%	35.1%	35.1%

2022	Sweden	Norway	Finland	TOTAL
Operating income	501.6	106.6	255.3	863.6
Loans to the public	7,242.9	1,847.7	3,284.1	12,374.8

2021	Sweden	Norway	Finland	TOTAL
Operating income	459	106.6	221.7	787.3
Loans to the public	6,180.9	1,476.5	3,419.1	11,076.6

Foreign branches and subsidiaries

Avida Finans AB operates through branches in Norway and Finland.

The branch in Norway, Avida Finans AB NUF with Corp. ID. no.: 990 728 488 provide financial services to private individuals and companies in the Norwegian market. Savings and loan products are offered to private individuals. Business customers are offered financing solutions such as loans with and without security but also factoring in the form of invoice purchases and invoicing. The branch had a turnover of SEK 101.3 (89.8) million in 2022 and reported a profit after tax of SEK 83.2 (62.3) million. During the year, the branch had an average of 12 (11) employees.

The branch in Finland, Avida Finans AB (publ), Branch in Finland with org. no.: 2541768-9 provides financial services to private individuals and companies in the Finnish market. A loan product is offered to private individuals. Business customers are offered financing solutions such as loans with and without security but also factoring in the form of invoice purchases and invoicing. The branch had a turnover of SEK 275.1 (245.1) million in 2022 and reported a profit after tax of SEK 139.1 (125.4) million. During the year, the branch had an average of 14 (14) employees.

The Group also includes the wholly owned subsidiary Avida Norge A/S, org. no. 913 778 367, with registered office in Oslo, Norway. The Company operates debt collection and credit reporting operations in Norway and had revenues of SEK 2.5 (11.6) million in 2022 with a profit after tax of SEK 2.8 (1.9) million. During the year, the Company had an average of 1 (8) employees.

5 NET INTEREST INCOME

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
SEK MILLION				
Interest income				
Loans to the public	967.5	876.6	965.1	865.0
Interest-bearing securities	49.8	21.4	49.9	21.5
Other	10.8	5.90	10.8	5.9
Total interest income	**1,028.1**	**903.9**	**1,025.8**	**892.4**
Interest expenses				
Borrowing and credit from the public	135.0	111.4	134.9	111.3
Interest-bearing securities	47.2	18.9	47.2	18.9
Other	12.0	0.9	12.0	0.8
Total interest costs	**194.1**	**131.2**	**194.1**	**131.1**
Net interest income	**834.0**	**772.7**	**831.7**	**761.3**

Interest income and expenses from financial instruments valued at fair value through profit and loss amounts to SEK 0 (0).

6 NET COMMISSION INCOME

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
SEK MILLION				
Commission income				
Commission income from brokered insurance	22.9	15.2	22.9	15.2
Total commission income	**22.9**	**15.2**	**22.9**	**15.2**
Net commission income	**22.9**	**15.2**	**22.9**	**15.2**

7 NET RESULT FROM FINANCIAL TRANSACTIONS

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
SEK MILLION				
Change in value of foreign exchange forward contracts	7.1	-0.6	7.1	-0.6
Exchange rate profit/loss, net	-3.5	-0.3	-3.5	-0.3
Valuation of financial assets at fair value through profit and loss	1.2	0.1	1.1	0.1
Total	**4.8**	**-0.9**	**4.7**	**-1.0**

8 GENERAL ADMINISTRATIVE EXPENSES

	GROUP		PARENT COMPANY	
OTHER ADMINISTRATIVE EXPENSES	**2022**	2021	**2022**	2021
SEK MILLION				
Costs for premises	2.8	3.2	10.5	10.6
IT/data	34.0	28.3	31.9	27.2
Costs for disclosure services	31.1	20.4	31.0	20.2
Other external services	67.0	48.6	66.8	48.8
Audit fees	8.4	5.70	7.9	5.4
Marketing costs	3.9	5.7	3.9	5.7
Other administrative expenses	24.8	21.9	23.4	20.4
Total other costs	**172.0**	**133.8**	**175.5**	**138.3**

PERSONNEL COSTS

	GROUP		PARENT COMPANY	
SALARIES AND REMUNERATION	**2022**	2021	**2022**	2021
SEK MILLION				
Board and CEO	5.4	0.8	5.4	0.8
Other employees	102.4	91.6	101.5	87.5
Total salaries and compensation	**107.9**	**92.4**	**107.0**	**88.3**
Statutory and contractual social security contributions	**31.1**	**28.1**	**31.0**	**27.5**
Pension costs relating to the Board and CEO	1.2	1.4	1.2	1.4
Pension costs for other employees	14.1	13.8	14.1	13.5
Total salaries, compensation for social security contributions and pension costs	**154.2**	**135.8**	**153.2**	**130.7**
Other staff costs	**6.5**	**5.9**	**6.4**	**5.8**
Total staff costs	**160.7**	**141.7**	**159.6**	**136.5**
Total of general administrative expenses	**332.7**	**275.6**	**335.1**	**274.7**

	GROUP		PARENT COMPANY	
AVERAGE NUMBER OF EMPLOYEES	**2022**	2021	**2022**	2021
Women	68	66	67	60
Men	68	69	68	67
Total number	**136**	**135**	**135**	**127**

	GROUP		PARENT COMPANY	
SICK LEAVE PER CENT	**2022**	2021	**2022**	2021
Women	3.52	3.01	3.53	2.76
Men	0.46	1.34	0.46	1.38
Sick leave total	**2.08**	**2.14**	**2.05**	**2.04**

REMUNERATION TO AUDITORS

	GROUP		PARENT COMPANY	
DELOITTE	**2022**	2021	**2022**	2021
SEK MILLION				
Audit assignment	5.3	3.2	5.0	2.9
Audit activities in addition to the audit assignment	0.5	1.0	0.5	1.0
Tax advice	-	-	-	-
Other services	-	-	-	-
Total Deloitte	**5.8**	**4.2**	**5.5**	**3.9**

8 GENERAL ADMINISTRATIVE EXPENSES, CONT.

REMUNERATION TO SENIOR EXECUTIVES, GROUP - 2022

SEK MILLION	BASIC SALARY/ FEES	VARIABLE COMPENSATION	OTHER BENEFITS	PENSION COSTS	TOTAL
Tine Wollebeck (CEO from 01/01/2022)	4.9	2.2	-	1.9	9.0
Celina Midelfart (Board Member)	-	-	-	-	-
Geir Langfeldt Olsen (Board Member)	-	-	-	-	-
Varun Khaana (Board Chair)	-	-	-	-	-
Daniel Knottenbelt (Board Member)	-	-	-	-	-
Vaibhav Piplapure (Board Member from 26/08/2021)	-	-	-	-	-
Teresa Robson-Capps (Board Member from 26/08/2021)	0.8	-	-	-	0.8
Total	**5.7**	**2.2**	**-**	**1.9**	**9.8**

REMUNERATION TO SENIOR EXECUTIVES, GROUP - 2021

SEK MILLION	BASIC SALARY/FEES	VARIABLE COMPENSATION	OTHER BENEFITS	PENSION COSTS	TOTAL
Tord Topsholm (CEO up to 03/03/2021)	0.6	5.3	-	-	5.9
Pehr Olofsson (CEO from 03/03/2020)	2.6	1.6	-	-	4.2
Celina Midelfart (Board Member)	-	-	-	-	-
Geir Langfeldt Olsen (Board Member)	-	-	-	-	-
Varun Khaana (Board Chair)	-	-	-	-	-
Daniel Knottenbelt (Board Member)	-	-	-	-	-
John Howard (Board Member until 26/08/2021)					
Vaibhav Piplapure (Board Member from 26/08/2021)	-	-	-	-	-
Teresa Robson-Capps (Board Member from 26/08/2021)	0.3	-	-	-	0.3
Total	**3.5**	**6.9**	**-**	**-**	**10.4**

VARIABLE REMUNERATION

The additional variable remuneration is paid in relation to individual target fulfilment 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.

9 CREDIT LOSSES, NET

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
SEK MILLION				
Loans to the public				
Provisions - Stage 1	-1.4	25.5	-1.4	25.4
Provisions - Stage 2	-45.9	-1.2	-45.9	-1.2
Provisions - Stage 3	-357.5	-388.5	-357.5	-388.4
Total provisions	**-404.8**	**-364.2**	**-405.8**	**-364.2**
Write-offs	-32.0	-63.6	-31.5	-63.5
Recovered financial assets	6.0	25.3	6.0	25.3
Total	**-26.0**	**-38.3**	**-25.5**	**-38.2**
Total credit losses from loans to the public	**-430.8**	**-402.5**	**-430.3**	**-402.4**
Loans to credit institutions				
Provisions - Stage 1	-1.4	-0.4	-1.4	-0.4
Provisions - Stage 2	-	-	-	-
Provisions - Stage 3	-	-	-	-
Total provisions	**-1.4**	**-0.4**	**-1.4**	**-0.4**
Write-offs	-	-		-
Recovered financial assets	-	-		-
Total credit losses from loans to credit institutions	**-1.4**	**-0.4**	**-1.4**	**-0.4**
Total credit losses. net	**-432.2**	**-402.9**	**-431.7**	**402.8**

Provisions are calculated using quantitative models, which are based on input data, assumptions and methods that are largely based on judgements by the Company's management. The following items affect the level of provisions and are included as drivers in the models:

- Probability of default (PD) – the PD model is based on historical portfolio development, which is updated as needed, however, at least quarterly. The general definition consists of a backstop corresponding to the fact that a loan is due more than 90 days.

- Determination of a significant increase in credit risk (SICR) - Avida continuously assesses whether an exposure has a significantly increased credit risk. To determine whether a significant increase in credit risk exists, the relative increase in 12-month PD is calculated by comparing the current PD with the PD at the time the loan was issued. If the relative increase exceeds certain threshold values, it is deemed to be significant. Of the receivables that become credit-impaired, the majority have a substantially increased credit risk even before they default. In addition, the change in credit risk is also analyzed in relative versus absolute numbers, and a materiality principle is applied to all products when assessing whether an increase in credit risk is to be considered significant. However, receivables that are more than 30 days late are always considered to have a significant increase in credit risk.

- Previously credit-impaired assets that return to performing status - The time that runs from when an asset returns to the status of performing or to being valued at 12 months of credit losses, has an average between one and six months depending on the characteristics of the individual loan.

- Macroeconomic outlook - Avida takes into account the macroeconomic outlook regarding key interest rates and unemployment in the markets in which the company has its main operations. Three scenarios are designed for these: a base scenario, a pessimistic scenario and an optimistic scenario. These are weighted at 80% for the base scenario and 10% each for the optimistic and pessimistic scenarios. The macroeconomic element is updated at least annually and affects the probability of default. Update of the macroeconomic outlook in the last update gave a more negative scenario than before. As the base scenario is based on a more pessimistic macroeconomic outlook, management has chosen to maintain the 80/10/10 weighting.

- Loss Given Default (LGD) - is calculated based on a discounted expected cash flow of collected overdue receivables. The expected cash flow is based on the current development in the respective portfolio, historical experience and contractual portfolio valuations through e.g. forward flow agreement. The discounted cash flow is calculated over 15 years and is updated quarterly. At the end of the year, the company had no active forward flow agreements. The LGD level at the end of 2022 was between 32-50% in the consumer portfolio. LGD in business finance is mainly affected by the collateral obtained for each loan. The biggest impact on LGD within business finance is if the purchased invoices within invoice purchases are insured, as the remaining deductible in the event that the invoice is insured becomes 5-10% of the amount of the purchased invoice and thus lowers the LGD to these levels. Avida's minimum creditworthiness requirements for external insurance companies are A- (Standard & Poor's rating) or A3 (Moody's rating). Credit insurance is used in cases where it is considered necessary to limit the effects of a default. For corporate loans and revolving credits, collateral primarily consists of unlisted shares, business mortgages and real estate mortgages. At the end of 2022, the average LGD in corporate lending totaled approximately 60%.

- During the year, there has been no change in calculation methods.

10 TAX ON ANNUAL PROFIT/LOSS

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
SEK MILLION				
Tax reported in the income statement				
Current tax on annual profit/loss	-21.9	-21	-21.9	-20.6
Adjustment of tax relating to previous years	-0.4	-0.5	-0.2	-0.5
Deferred tax revenue	0.2	-	0.2	-
Tax on annual profit/loss	**-22.1**	**-21.5**	**-22.0**	**-21**
Effective tax reconciliation				
Reported earnings before tax	84.5	83.7	85.2	80.9
Tax according to current tax rate	-17.4	-17.3	-17.6	-16.7
Difference in Foreign Tax Rates	-0.4	-	-0.4	-
Tax effect of non-deductible costs	-4.0	-3.6	-4.0	-3.5
Tax effect of non-taxable revenue	-	-	-	-
Tax effect not valued deficit deduction	-0.1	-	-	-
Tax effect of loss carry forwards	-	-		-
Tax effect on earnings for previous years	-0.4	-0.6	-0.3	-0.8
Deferred tax	0.2	-	0.2	-
Tax on annual profit/loss according to the income statement	**-22.1**	**-21.5**	**-22.0**	**-21**
Tax reported in other comprehensive income				
Tax effect on conversion difference in branches	-	-	-	-
Tax reported in the balance sheet				
Current tax asset	35.4	43.5	35.3	43.9
Deferred tax liability	-	0.1	-	-

The applicable tax rate is 20.6% (20.6%) in Sweden and 22% in Norway and 20% in Finland.

11 CASH AND BALANCES WITH CENTRAL BANKS

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
SEK MILLION				
Credits in Finnish central bank	521.7	327.2	521.7	327.2
Total	**521.7**	**327.2**	**521.7**	**327.2**
of which foreign currency	521.7	327.2	521.7	327.2

12 TREASURY BILLS ELIGIBLE FOR REPAYMENT

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2020
SEK MILLION				
Loanable municipal bonds	671.4	537	671.4	537
Total	**671.4**	**537**	**671.4**	**537**

13 LOANS TO CREDIT INSTITUTIONS

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
SEK MILLION				
Loans to credit institutions. gross	**2,008.3**	**1,619.6**	**2,001.9**	**1,607.6**
of which are Stage 1	2,008.3	1,619.6	2,001.9	1,607.6
of which are Stage 2		-	-	-
of which are Stage 3	-	-	-	-
Total provisions	**-0.5**	**-0.4**	**-0.5**	**-0.4**
of which are Stage 1	-0.5	-0.4	-0.5	-0.4
of which are Stage 2	-	-	-	-
of which are Stage 3	-	-	-	-
Loans to credit institutions. net	**2,007.8**	**1,619.2**	**2,001.4**	**1,606.1**
Banks	2,007.8	1,619.2	2,001.4	1,606.1
of which are Swedish banks	1,113.6	653.4	1,113.6	652.9
of which are foreign banks	894.2	965.8	887.8	953.8
Total	**2,007.8**	**1,619.2**	**2,001.4**	**1,607.2**

14 LOANS TO THE PUBLIC

GROUP

GROUP	31/12/2022	31/12/2021
SEK MILLION		
Loans to the public, gross	**13,650.1**	**11,927.5**
of which are Stage 1	10,579.0	9,945.8
of which are Stage 2	844.4	466.4
of which are Stage 3	2,226.7	1,515.2
Total provisions for credit losses	**-1,275.3**	**-850.9**
of which are Stage 1	-100.9	-95.5
of which are Stage 2	-103.6	-55.2
of which are Stage 3	-1,070.8	-700.2
Loans to the public. net	**12,374.8**	**11,076.6**

Change in gross carrying amount and provisions in the Group

GROUP	Stage 1	Stage 2	Stage 3	TOTAL
SEK MILLION				
Gross carrying amount, 1 January 2022	**9,945.4**	**466.4**	**1,515.2**	**11,927.0**
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 in risk factors (PD, EAD, LGD)	-590.4	-6.0	-50.6	-647.0
Exchange-rate differences	250.0	15.0	21.7	286.7
Gross carrying amount, 31 December 2022	**10,579.0**	**844.4**	**2,226.7**	**13,650.1**

GROUP	Stage 1	Stage 2	Stage 3	TOTAL
SEK MILLION				
Provision for credit losses, 1 January 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
Changes due to expert assessments (individual assessments, manual adjustments)	-35.0		4.7	-30.3
Exchange-rate differences	3.0	1.7	9.5	14.1
Provision for credit losses, 31 December 2022	**100.9**	**103.6**	**1,070.8**	**1,275.3**

14 LOANS TO THE PUBLIC. CONT.

GROUP SEK MILLION	Stage 1	Stage 2	Stage 3	TOTAL
Gross carrying amount, 1 January 2021	**8,962.3**	**517.9**	**1,149.7**	**10,629.9**
New, aquired and derecognised financial assets, net	1,565,8	29.4	-419.5	1,175.7
Transfers to stage 1	93.8	-88.2	-5.5	-
Transfers to stage 2	-247.9	254.5	-6.7	-
Transfers to stage 3	-522.2	-252.3	774.5	-
Changes due to change in credit risk	-	-	-	-
Exchange rate differences	94.1	5.1	22.7	121.9
Gross carrying amount, 31 Decem-ber 2021	**9,945.4**	**466.4**	**1,515.2**	**11,927.5**

GROUP SEK MILLION	Stage 1	Stage 2	Stage 3	TOTAL
Provision for credit losses, 1 January 2021	**111.7**	**62.9**	**476.2**	**650.8**
New, aquired and derecognised financial assets, net	11,3	11,2	-91,7	-69,2
Transfers to stage 1	2,0	-9,3	-2,0	-9,3
Transfers to stage 2	-6,1	32,4	-2,6	23,7
Transfers to stage 3	-16,0	-42,0	257,0	199,0
Changes due to change in credit risk	-8,8	-0,5	53,8	44,5
Exchange-rate differences	1,4	0,5	9,5	11,4
Provision for credit losses, 31 December 2021	**95,5**	**55,2**	**700,2**	**850,9**

PARENT COMPANY

PARENT COMPANY SEK MILLION	31/12/2022	31/12/2021
Loans to the public, gross	**13,648.7**	**11,924.3**
of which are Stage 1	10,576.8	9,942.6
of which are Stage 2	844.4	466.4
of which are Stage 3	2,182.1	1,515.2
Total provisions for credit losses	**-1,275.3**	**-850.9**
of which are Stage 1	-100.9	-95.5
of which are Stage 2	-103.6	-55.2
of which are Stage 3	-1,070.8	-700.2
Loans to the public. net	**12,373.4**	**11,073.2**

Change in gross carrying amount and provisions in the Parent Company

PARENT COMPANY SEK MILLION	Stage 1	Stage 2	Stage 3	TOTAL
Gross carrying amount, 1 January 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 in risk factors (PD, EAD, LGD)	-589.0	-6.0	-50.6	-645.7
Exchange-rate differences	250.0	15.0	22.5	287.5
Gross carrying amount, 31 December 2022	**10,576.8**	**844.4**	**2,227.5**	**13,648.7**

14 LOANS TO THE PUBLIC. CONT.

PARENT COMPANY SEK MILLION	Stage 1	Stage 2	Stage 3	TOTAL
Provision for credit losses, 1 January 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
Changes due to expert assessments (individual assessments, manual adjustments)	-35.0		4.7	-30.3
Exchange-rate differences	3.0	1.7	9.5	14.1
Provision for credit losses, 31 December 2022	**100.9**	**103.6**	**1,070.8**	**1,275.3**

PARENT COMPANY SEK MILLION	Stage 1	Stage 2	Stage 3	TOTAL
Gross carrying amount, 1 January 2021	**8,961.0**	**517.9**	**1,149.7**	**10,628.6**
New, aquired and derecognised financial assets, net	1,563.8	29.4	-419.5	1,173.7
Transfers to stage 1	93.8	-88.2	-5.5	-
Transfers to stage 2	-247.9	254.5	-6.7	-
Transfers to stage 3	-522.2	-252.3	774.5	-
Changes due to change in credit risk	-	-	-	-
Exchange rate differences	94.1	5.1	22.7	121.9
Gross carrying amount, 31 December 2021	**9,941.9**	**466.4**	**1,515.2**	**11,924.2**

PARENT COMPANY SEK MILLION	Stage 1	Stage 2	Stage 3	TOTAL
Provision for credit losses, 1 January 2021	**111,7**	**62,9**	**476,2**	**650,8**
New, aquired and derecognised financial assets, net	11,3	11,2	-91,7	-69,2
Transfers to stage 1	2,0	-9,3	-2,0	-9,3
Transfers to stage 2	-6,1	32,4	-2,6	23,7
Transfers to stage 3	-16,0	-42,0	257,0	199,0
Changes due to change in credit risk	-8,8	-0,5	53,8	44,5
Exchange-rate differences	1,4	0,5	9,5	11,4
Provision for credit losses, 31 December 2021	**95,5**	**55,2**	**700,2**	**850,9**

The increased reserve in stage 1 is driven by three factors, mainly attributable to Consumer Finance. We have had continued increased new loan volumes, a slightly increased risk of default reflected through ongoing model updates and changed macroeconomic prospects. After analysis of the included drivers in the macro model and 12 month PD, it is deemed that there is no significant correlation, which is why management has reduced the change in full by a manual adjustment. For Business Finance, the movements in stage 1 have been low during the year, given that most exposures are within the Factoring business segment with very short maturities.

The increase in stage 2 is primarily driven by changed macroeconomic prospects. The analysis of relationships between drivers included in the macro model and lifetime PD were less visible due to short time series in the observed data. Management has therefore increased the reserves according to the model. The macro model and its drivers are described in more detail on the next page. The increase in reserves in the existing portfolio is mainly driven by a few engagements within Business Finance whose risk class has detoriated during the year.

The change in stage 3 consists of a number of larger movements. The inflow from new engagements is in half driven by four engagements within Factoring, and the remainder by Consumer Finance. The largest change of stage 3 is related to defaults of existing loans where the inflow has continued at the same levels as in 2021. The change linked to management's individual assessments is due to two engagements within the Factoring segment where the expected future cash flow is not fully captured in the model.

14 LOANS TO THE PUBLIC. CONT.

MACRO VARIABLES

Base scenario	31/12/2022		
	2022	2023	2024
Sweden			
Unemployment	7.52%	7.91%	8.15%
Policy interest	2.23%	2.38%	2.68%
Norway			
Unemployment	3.30%	3.60%	3.70%
Policy interest	2.18%	3.10%	2.74%
Finland			
Unemployment	6.95%	6.85%	6.80%
Policy interest	2.05%	2.67%	2.68%

Base scenario	31/12/2021		
	2022	2023	2024
Sweden			
Unemployment	7.45%	6.89%	6.83%
Policy interest	0.05%	0.20%	0.47%
Norway			
Unemployment	3.70%	3.90%	3.90%
Policy interest	1.18%	1.66%	1.83%
Finland			
Unemployment	7.10%	6.60%	6.60%
Policy interest	-0.38%	0.00%	0.23%

The macro model primarily consists of a base scenario that is based on forecasts from external institutes regarding unemployment and policy rate. In addition, an optimistic scenario is modeled where unemployment and the policy rate are lower than in the base scenario for a period, respectively a pessimistic scenario where unemployment and the policy rate are higher than in the base scenario. After this period, the curves converge back to the base scenario. The weighting between the scenarios has not changed as the base scenario also contains a forward-looking forecast based on macroeconomic factors. It has also been updated with the new forecasts. Forecasts for included parameters are updated on an annual basis. The tables illustrate the base scenario and how the two factors (unemployment and policy rate) differ in the different forecasts.

15 SHARES AND UNITS IN GROUP COMPANIES

NAME	ORG. NO	HEADQUARTERS	EQUITY SHARE	PERCENTAGE OF VOTES	NUMBER OF SHARES	2022	2021
Avida Norge A/S	913841603	Oslo	100%	100%	230,000	2.0	2.0
Total book value						**2.0**	**2.0**

16 INTANGIBLE ASSETS

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
SEK MILLION				
Opening acquisition value	95.5	80.8	93.4	78.9
This year's investments	20.5	14.7	20.5	14.5
This year's decommissioned intangible assets	-20.7	-	-18.6	.
Closing acquisition value	**95.3**	**95.5**	**95.3**	**93.4**
Opening depreciation and impairment	-64.4	-51.7	-62.5	-50
Depreciation for the year	-7.9	-12.8	-8.1	-12.5
Recovery of depreciation on decommissioned intangible assets	20.3	-	18.6	-
Closing depreciation	**-52.0**	**-64.4**	**-52.0**	**-62.5**
Closing carrying amount	**43.3**	**31.1**	**43.3**	**30.9**

During the year, Avida scrapped intangible assets relating to an in-house developed IT system that is no longer used in the business.

17 TANGIBLE ASSETS

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
SEK MILLION				
Opening acquisition value	**37.7**	**37.2**	**15.9**	**14.9**
This year's investments	22.2	2.9	6.0	1
This year's sales	-16.1	-2.4	-	-
Closing acquisition value	**43.8**	**37.7**	**21.8**	**15.9**
Opening depreciation according to plan	**-32.6**	**-26.8**	**-14.6**	**-13.4**
Recovery of depreciation/ amortisation of sold and decommissioned inventories	16.1	-	-	-
Depreciation for the year. inventory	-6.7	-1.2	-2.0	-1.2
Closing depreciation	**-23.3**	**-32.6**	**-16.6**	**-14.6**
Closing carrying amount	**20.5**	**5.1**	**5.3**	**1.3**

Of the year's depreciation, SEK 4.7m is attributable to right-of-use assets. Of the year's investments, SEK 16.2 million refers to right-of-use assets, and the year's sales consist entirely of right-of-use assets.

18 OTHER ASSETS

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
SEK MILLION				
Tax account	26.5	20.2	26.5	20.2
Receivables from Group companies	-	-	-1.4	0.4
Fund liquid receivable	9.0	0.4	9.0	1.1
Endowment insurance	0.7	0	0.7	0
Other receivables	2.9	25.6	2.9	
Total	**39.0**	**46.2**	**37.6**	**46.5**

19 PREPAID EXPENSES AND ACCRUED INCOME

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
SEK MILLION				
Prepaid other costs	17.4	7.6	17.3	7.2
Prepaid rent	2.1	0.6	2.1	0.6
Total	**19.5**	**8.2**	**19.4**	**7.7**

20 DEPOSITS FROM THE PUBLIC

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
SEK MILLION				
Deposits from the public	13,928.0	11,892.6	13,928.0	11,892.6
of which Swedish currency	5,122.1	4,133.6	5,122.1	4,133.6
of which foreign currency	8,806.0	7,758.9	8,806.0	7,758.9
Total	**13,928.0**	**11,892.6**	**13,928.0**	**11,892.6**

21 DERIVATIVES

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
SEK MILLION				
Derivatives	1.0	23.1	1.0	23.1
Foreign exchange forwards DnB - asset	-	-	-	-
Foreign exchange forwards DnB - debt	1.0	23.1	1.0	23.1
Total	**1.0**	**23.1**	**1.0**	**23.1**

22 PROVISIONS

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
SEK MILLION				
Provisions	0.7	-	0.7	-
Total	**0.7**	**-**	**0.7**	**-**

The provision relates to a pension obligation.

23 OTHER LIABILITIES

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
SEK MILLION				
Accounts payable	9.1	14.8	9.1	13.5
Fund liquid liability	10.4	72.2	10.4	71.2
Leasing liabilities as per IFRS16	13.4	20	-	-
Withholding tax on savings accounts	17.9	8.9	17.9	8.9
Other liabilities	39.9	35.7	39.9	35.1
Total	**90.6**	**151.6**	**77.3**	**128.8**

The amount Other liabilities includes a reserve for variable compensation of SEK 15.0 million.

24 ACCRUED EXPENSES AND PREPAID INCOME

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
SEK MILLION				
Accrued holiday pay	13.4	10.2	13.4	9.8
Accrued social security contributions	5.8	3.7	5.8	3.6
Other accrued expenses	35.8	12.1	35.8	12
Total	**55.1**	**25.9**	**55.1**	**25.4**

25 SUBORDINATED DEBT

	ISIN	CURRENCY	DATE OF ISSUE	DUE DATE	INTEREST RATE %	NOMINAL VALUE	2022	2021
SEK million								
AFF 001 Avida Finans AB 18/28 FRN C SUB	SE0010100883	SEK	06/11/2018	06/11/2028	3m STIBOR + 6.5	250	248.9	247.3
Total						**250**	**248.9**	**247.3**

*The first opportunity to redeem the bonds is in November 2023. 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 2022, costs for subordinated debts amounted to SEK 18.4 million (SEK 17.5 million in 2021).

26 ADDITIONAL TIER 1 CAPITAL

	ISIN	CURRENCY	DATE OF ISSUE	MATURITY*	INTEREST RATE %	NOMINAL VALUE	2022	2021
SEK million								
Flow Rate Perpetual Add Tier 1 Capital Bond	ISINSE0012729085	SEK	29/06/2016	Perpetual	3M STIBOR +9.5	200	198.0	196.7
Total						**200**	**198.8**	**196.7**

Additional Tier 1 capital contributions are subordinated loans which only have a higher priority than the share capital. Subordinated loans that meet the requirements set out in Regulation (EU) No. 575/2013 may be counted as primary capital contributions. The instrument is perpetual and redemption is only permitted after the approval of the Swedish Financial Supervisory Authority and at the earliest after five years from the issue date (June 2024).

27 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

GROUP 31/12/2022 SEK MILLION	Financial assets & liabilities valued at fair value through income statement	Financial assets valued at fair value through other comprehensive income	Financial assets & liabilities valued at amortised cost	Total Carrying amount	Total fair value
Financial assets					
Cash and balances with central banks	-	-	521.7	521.7	521.7
Loanable government bonds	162.2	-	509.1	671.4	670.1
Loans to credit institutions	-	-	2,007.8	2,007.8	2,007.8
Loans to the public	-	-	12,374.8	12,374.8	12,039.9
Other assets	0.7	-	157.1	157.8	157.8
Total assets	**162.9**	**-**	**15,570.5**	**15,733.4**	**15,397.3**
Financial liabilities					
Deposits from the public	-	-	13,928.0	13,928.0	13,928.0
Subordinated debt	-	-	248.9	248.9	248.9
Derivatives	1.0	-	-	1.0	1.0
Other liabilities	0.7	-	145.7	146.4	146.4
Total liabilities	**1.7**	**-**	**14,322.6**	**14,324.3**	**14,324.3**

GROUP 31/12/2021 SEK million	Financial assets & liabilities valued at fair value through income statement	Financial assets valued at fair value through other comprehensive income	Financial assets & liabilities valued at amortised cost	Total Carrying amount	Total fair value
Financial assets					
Cash and balances with central banks	-	-	327.2	327.2	327.2
Loanable government bonds	156.2	-	537.0	693.2	693.2
Loans to credit institutions	-	-	1,618.7	1,618.7	1,618.7
Loans to the public	-	-	11,076.6	11,076.6	11,076.6
Other assets	-	-	97.9	97.9	97.9
Total assets	**156.2**	**-**	**13,657.4**	**13,813.6**	**13,813.6**
Financial liabilities					
Deposits from the public	-	-	11,892.6	11,892.6	11,892.6
Subordinated debt	-	-	247.3	247.3	247.3
Derivatives	24.9	-	-	24.9	24.9
Other liabilities	-	-	151.6	151.6	151.6
Total liabilities	**24.9**	**-**	**12,291.5**	**12,316.4**	**12,316.4**

27 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES. CONT.

PARENT COMPANY 31/12/2022 SEK MILLION	Financial assets & liabilities valued at fair value through income statement	Financial assets valued at fair value through other comprehensive income	Financial assets & liabilities valued at amortised cost	Total Carrying amount	Total fair value
Financial assets					
Cash and balances with central banks	-	-	521.7	521.7	521.7
Loanable government 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 public	-	-	12,373.4	12,373.4	12,039.9
Shares in subsidiaries	-	-	-	-	
Other assets	0.7	-	142.3	143.0	143.0
Total assets	**162.9**	**-**	**15,547.9**	**15,710.8**	**15,376.1**
Financial liabilities					
Deposits from the public	-	-	13,928.0	13,928.0	13,928.0
Subordinated debt	-	-	248.9	248.9	248.9
Derivatives	1.0	-	-	1.0	1.0
Other liabilities	0.7	-	132.4	133.1	133.1
Total liabilities	**1.7**	**-**	**14,309.3**	**14,311.0**	**14,311.0**

PARENT COMPANY 31/12/2021 SEK million	Financial assets & liabilities valued at fair value through income statement	Financial assets valued at fair value through other comprehensive income	Financial assets & liabilities valued at amortised cost	Total Carrying amount	Total fair value
Financial assets					
Cash and balances with central banks	-	-	327.2	327.2	327.2
Loanable government bonds	156.2	-	537.0	693.2	693.2
Loans to credit institutions	-	-	1,606.7	1,606.7	1,606.7
Loans to the public	-	-	11,073.2	11,073.2	11,073.2
Shares in subsidiaries	2.0	-	-	-	2.0
Other assets	-	-	98.1	98.1	98.1
Total assets	**158.2**	**-**	**13,642.2**	**13,798.4**	**13,798.4**
Financial liabilities					
Deposits from the public	-	-	11,892.6	11,892.6	11,892.6
Subordinated debt	-	-	247.3	247.3	247.3
Derivatives	24.9	-	-	24.9	24.9
Other liabilities	-	-	128.8	128.8	128.8
Total liabilities	**24.9**	**-**	**12,268.6**	**12,293.5**	**12,293.5**

28 FINANCIAL ASSETS & LIABILITIES AT FAIR VALUE

The Group applies IFRS 13 for financial instruments that are valued at fair value on the balance sheet. Thus, information is required about valuation at fair value at the level of the following fair value hierarchy:

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

The Parent Company Avida Finans AB (publ) holds derivative instruments, endowment insurance and a reserve of high-quality assets valued at fair value. Purchases of funds took place during the period for SEK 1.2 million.

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

The valuation of derivatives is based on observable data for the asset or liability, hence level 2. Models based on discounted cash flows are mainly used. In individual cases, the calculations can also be based on own assumptions or assessments, i.e. level 3.

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

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

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

31/12/2022	Level 1	Level 2	Level 3	Total
SEK MILLION				
Assets				
Loanable government bonds	162.2	-	-	162.2
Financial fixed assets	-	0.7	-	0.7
Total assets	**162.2**	**0.7**	**-**	**162.9**
Liabilities				
Derivatives	-	1.0	-	1.0
Total liabilities	**-**	**1.0**	**-**	**1.0**

31/12/2021	Level 1	Level 2	Level 3	Total
SEK MILLION				
Assets				
Loanable government bonds	156.2	-	-	156.2
Total assets	**156.2**	**-**	**-**	**156.2**
Liabilities				
Derivatives	-	24.9	-	24.9
Total liabilities	**-**	**24.9**	**-**	**24.9**

29 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, the Credit Institutions and Securities Companies (Special Supervision) Act (2014:968), Regulation (EU) No. 575/2013, the Capital Buffer Act (2014:966) and the Swedish Financial Supervisory Authority regulations (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 rules state that the capital base must exceed the capital requirement, including the minimum capital requirement according to Pillar 1 for credit risk, market risk and operational risks, the Pillar 2 capital requirement and the total buffer requirement.

CAPITAL RELATIONSHIP AND CAPITAL BUFFERS

Avida's strategy for capital management is to maintain a capital base that by a good margin exceeds the minimum level, including buffer requirements. In Regulation (EU) No. 575/2013 of the European Parliament and of the Council, credit institutions are required to maintain Common Equity Tier 1 capital of at least 4.5 percent, Tier 1 capital of at least 6 percent and a total capital ratio of 8 percent in relation to the risk-weighted exposure amount. Credit institutions are also obliged to maintain certain capital buffers. Currently, Avida is required to maintain an institution-specific capital conservation buffer of 2.5 percent and a countercyclical buffer of 0.89 percent of the total risk-weighted exposure amount. The countercyclical buffer requirement was, in Avida's largest markets, 1 percent in Sweden, 2 percent in Norway and 0 percent in Finland as of December 31, 2022.

CONSOLIDATED SITUATION

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

INTERNALLY ASSESSED CAPITAL REQUIREMENT

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

LIQUIDITY NEEDS

As a credit market company, Avida is subject to laws and regulations regarding liquidity requirements. Avida complies with the Financial Supervisory Authority's rules for handling liquidity risk according to regulation (FFFS 2010:7) on handling liquidity risks. Avida is required to maintain a liquidity reserve reserve of high-quality assets that can be used to secure short-term capacity to meet payment obligations in the event of lost or impaired access to regularly available funding sources. The assets in the liquidity reserve consist of cash and balances with central banks, bonds issued by states and municipalities and short-term lending to banks. In accordance with Supervisory Regulation (EU) No. 575/2013 and the European Commission's Delegated Regulation (EU) 2015/61, Avida Finans AB (publ) reports liquidity coverage ratio (LCR) monthly and stable net funding (NSFR) quarterly. At year-end, the short-term liquidity coverage ratio (LCR) was 298.8%, compared to the regulatory ratio of 100%. The net stable funding ratio (NSFR), was 126.7%, compared to the regulatory ratio of 100%.

TRANSITIONAL RULES IFRS 9

After obtaining the Financial Supervisory Authority's approval, Avida has decided to apply the transitional rules regarding IFRS 9 from 1 January 2018 up to and including 31 December 2022. Application of these transitional rules allows a gradual phase-in of expected credit losses to capital adequacy.

AVIDA FINANS AB

SEK MILLION

Capital adequacy	**31/12/2022**		31/12/2021	
Risk exposure amount	11,751.2		10,875.7	
Total own funds requirements	1,518.2	12.92%	1,294.0	11.90%
Total own funds	1,706.6	14.52%	1,603.6	14.74%

Own funds requirements	**31/12/2022**		31/12/2021	
Own funds requirements (Pillar 1)	940.1	8.00%	870	8.00%
Special Own funds requirement (Pillar 2)[1]	180.3	1.53%	138.3	1.27%
Combined buffer requirement	397.8	3.39%	285.7	2.63%
Pillar 2 guide[2]	-	-	-	-
Total own funds requirements	**1,518.2**	**12.92%**	**1,294.0**	**11.90%**

1) These amounts are based on internally assessed capital requirements.
2) The Financial Supervisory Authority has not informed the group of guidelines for Pillar II.

29 CAPITAL ADEQUACY. CONT.

CAPITAL CONTEXT	31/12/2022		31/12/2021	
Common Equity Tier 1 capital after any deductions	1,259.7	10.72%	1,159.7	10.66%
Additional Tier 1 capital after any deductions	198.0	1.68%	196.7	1.81%
Tier 2 capital after any deductions	248.9	2.12%	247.2	2.27%
Own funds	**1,706.6**	**14.52%**	**1,603.6**	**14.74%**

	31/12/2022		31/12/2021	
	REA	**Capital requirements**	REA	Capital requirements
Risk exposure amount (REA) and capital base requirements	11,751.2	940.1	10,875.7	870
of which: own funds requirements for credit risk	10,224.1	817.9	9,586.5	766.9
of which: own funds requirements for market risk	56.1	4.5	9.9	0.8
of which: own funds requirements for operational risk	1,471.0	117.7	1,279.2	102.3
Transitional adjustment	-	-	-	-
Common equity Tier 1 capital / Common equity Tier 1 capital ratio	1,259.7	10.72%	1,159.7	10.66%
Tier 1 capital / Tier 1 capital ratio	1,457.7	12.40%	1,356.4	12.47%
Total own funds / Total capital ratio	1,706.6	14.52%	1,603.6	14.74%
Total Common Equity Tier 1 capital requirements including buffer requirements	926.6	7.89%	775.1	7.13%
of which: Capital conservation buffer	293.8	2.50%	271.9	2.50%
of which: Counter-cyclical buffer	104.0	0.89%	13.8	0.13%
Common equity tier 1 capital available to use as a buffer	730.9	6.22%	670.3	6.16%

	31/12/2022	31/12/2021

OWN FUNDS	31/12/2022	31/12/2021
Common equity tier 1 capital		
Capital instruments and associated share premium reserve	934.4	934.4
Other contributed capital	-	-
Retained earnings and reserves	254.6	165.8
Regulatory adjustments:	-	
- Intangible assets	20.6	8.6
- Net profit due to capitalisation of future income	-	-
- Adjustments relating to unrealised gains	-	-
- Deferred tax assets	0.3	0.7
- Other	0.0	-
Reversal under transitional rules to IFRS 9	91.6	68.8
Total common equity tier 1 capital	**1,259.7**	**1,159.70**
Additional Tier 1 capital		
Perpetual subordinated loans	198.0	196.7
Deduction from primary and supplementary capital (half of this)	-	-
Total other Tier 1 capital	**198.0**	**196.7**
Tier 2 capital		
Time-bound subordinated loans	248.9	247.2
Deduction according to limitation rule	-	-
Total supplementary capital	248.9	247.2
Total own funds	**1,706.6**	**1,603.60**

29 CAPITAL ADEQUACY. CONT.

Specification of risk exposure amount (REA) and capital requirements	REA	Capital requirements	REA	Capital requirements
Credit risk according to the standard method				
Exposures to central banks and local authorities	5.5	0.4	3.8	0.3
Institution exposures	419.0	33.5	334.2	26.7
Corporate exposures	2,082.1	166.6	1,958.6	156.7
Retail exposures	6,590.2	527.2	6,484.8	518.8
Exposures secured by immovable property	0.0	0.0	0.3	0
Exposures in default	1,077.2	86.2	748.1	59.8
Equity exposures	2.0	0.2	2	0.2
Other items	48.0	3.8	54.8	4.4
Total risk exposure amount and capital requirements	**10,224.0**	**817.9**	**9,586.6**	**766.9**
Market risk				
Foreign exchange rate risk	56.1	4.5	9.9	0.8
Total risk exposure amount and capital requirements	**56.1**	**4.5**	**9.9**	**0.8**
Operational risk				
Basic indicator approach	1,471.0	117.7	1,279.2	102.3
Total risk exposure amount and capital requirements	1,471.0	117.7	1,279.2	102.3
Total risk exposure amount and capital requirements	**11,751.1**	**940.1**	**10,875.7**	**870.1**

ADDITIONAL CAPITAL REQUIREMENTS PILLAR 2	31/12/2022	31/12/2021
Credit concentration risk	107.7	97.0
Interest rate risk in banking book	67.1	36.5
Other additional capital requirements	5.5	4.8
Total additional capital requirements Pillar 2	**180.3**	**138.3**

INTERNALLY ASSESSED CAPITAL REQUIREMENTS

As of 31 Dec 2022, the internally assessed capital requirement mounted to SEK 180.3m (138.3) in Avida Finans AB. The internally assessed capital requirement in the Consolidated situation amounted to SEK 180.7m (138.5). The internal capital requirement in Pillar 2 is assessed by the group to consist of the following risk types: credit concentration risk, interest rate risk in the bank book and business risk, including credit spread risk. The Financial Supervisory Authority has not notified Avida of guidance in Pillar 2.

TOTAL OWN FUNDS REQUIREMENT (INCLUDING PILLAR 2)	31/12/2022		31/12/2021	
Common equity tier 1 capital requirements	1,028.0	8.75%	852.9	7.84%
Tier 1 capital requirements	1,238.1	10.54%	1,041.9	9.58%
Total Capital	**1,518.2**	**12.92%**	**1,294.0**	**11.90%**

If Avida had not applied the transitional rules for IFRS 9, Common equity tier 1 capital ratio in the Parent company would have amounted to 9.94%, Tier 1 capital ratio to 11.63%, and total capital ratio to 13.74%.

29 CAPITAL ADEQUACY. CONT.

AVIDA CONSOLIDATED SITUATION

SEK MILLION

CAPITAL ADEQUACY	31/12/2022		31/12/2021	
Risk exposure amount	11,788.1		10,903.3	
Total own funds requirements	1,522.9	12.92%	1,297.3	11.90%
Total own funds	1,715.8	14.56%	1,610.9	14.77%

OWN FUNDS REQUIREMENTS	31/12/2022		31/12/2021	
Own funds requirements (Pillar 1)	943.1	8.00%	872.3	8.00%
Special Own funds requirement (Pillar 2)[1]	180.7	1.53%	138.5	1.27%
Combined buffer requirement	399.1	3.39%	286.5	2.63%
Pillar 2 guide[2]	-	-	-	-
Total own funds requirements	**1,522.9**	**12.92%**	**1,297.3**	**11.90%**

1) These amounts are based on internally assessed capital requirements.
2) The Financial Supervisory Authority has not informed the group of guidelines for Pillar II.

OWN FUNDS SITUATION	31/12/2022		31/12/2021	
Common Equity Tier 1 capital after any deductions	1,268.9	10.76%	1,167.0	10.70%
Additional Tier 1 capital after any deductions	198.0	1.68%	196.7	1.80%
Tier 2 capital after any deductions	248.9	2.11%	247.2	2.27%
Own funds	**1,715.8**	**14.56%**	**1,610.9**	**14.77%**

	31/12/2022		31/12/2021	
	REA	**Capital requirements**	REA	Capital requirements
Risk exposure amount (REA) and capital base requirements	11,788.1	943.1	10,903.3	872.3
of which: own funds requirements for credit risk	10,245.1	819.6	9,592.5	767.4
of which: own funds requirements for market risk	56.1	4.5	9.9	0.8
of which: own funds requirements for operational risk	1,486.9	119.0	1,300.9	104.1
Transitional adjustment	0.0	0.0	-	-
Common equity Tier 1 capital / Common equity Tier 1 capital ratio	1,268.9	10.76%	1,167.0	10.70%
Tier 1 capital / Tier 1 capital ratio	1,466.9	12.44%	1,363.7	12.51%
Total own funds / Total capital ratio	1,715.8	14.56%	1,610.9	14.77%
Total Common Equity Tier 1 capital requirements including buffer requirements	929.6	7.89%	777.1	7.13%
of which: Capital conservation buffer	294.7	2.50%	272.6	2.50%
of which: Counter-cyclical buffer	104.4	0.89%	13.9	0.13%
Common equity tier 1 capital available to use as a buffer	738.4	6.26%	676.4	6.20%

29 CAPITAL ADEQUACY. CONT.

OWN FUNDS	31/12/2022	31/12/2021
Common equity tier 1 capital		
Capital instruments and associated share premium reserve	936.3	936.3
Other contributed capital	0.0	-
Retained earnings and reserves	261.9	171.4
Regulatory adjustments:	-	-
- Intangible assets	20.6	8.8
- Net profit due to capitalisation of future income	-	-
- Adjustments relating to unrealised gains	-	-
- Deferred tax assets	0.3	0.7
- Other	0.0	-
Reversal under transitional rules to IFRS 9	91.6	68.8
Total common equity tier 1 capital	**1,268.9**	**1,167.0**
Additional Tier 1 capital		
Perpetual subordinated loans	198.0	196.7
Deduction from primary and supplementary capital (half of this)	-	-
Total other Tier 1 capital	**198.0**	**196.7**
Tier 2 capital		
Time-bound subordinated loans	248.9	247.2
Deduction according to limitation rule	-	-
Total supplementary capital	248.9	247.2
Total own funds	**1,715.8**	**1,610.9**

	31/12/2022		31/12/2021	
Specification of risk exposure amount (REA) and capital requirements	**REA**	**Capital requirements**	REA	Capital requirements
Credit risk according to the standard method				
Exposures to central banks and local authorities	5.5	0.4	3.8	0.3
Institution exposures	420.3	33.6	336.6	26.9
Corporate exposures	2,082.1	166.6	1,958.6	156.7
Retail exposures	6,593.2	527.5	6,486.3	518.9
Exposures secured by immovable property	0.0	0.0	0.3	0
Defaulted exposures	1,077.2	86.2	748.1	59.8
Other items	66.8	5.3	59.0	4.7
Total risk exposure amount and capital requirements	10,245.1	819.6	9,592.7	767.4
Market risk				
Foreign exchange rate risk	56.1	4.5	9.9	0.8
Total risk exposure amount and capital requirements	56.1	4.5	9.9	0.8
Operational risk				
Basic indicator approach	1,486.9	119.0	1,300.9	104.1
Total risk exposure amount and capital requirements	1,486.9	119.0	1,300.9	104.1
Total risk exposure amount and capital requirements	**11,788.1**	**943.0**	**10,903.5**	**872.3**

29 CAPITAL ADEQUACY. CONT.

ADDITIONAL CAPITAL REQUIREMENTS PILLAR 2	31/12/2022	31/12/2021
Credit concentration risk	108.1	97.2
Interest rate risk in banking book	67.1	36.5
Other additional capital requirements	5.5	4.8
Total additional capital requirements Pillar 2	180.7	138.5

TOTAL OWN FUNDS REQUIREMENT (INCLUDING PILLAR 2)	31/12/2022		31/12/2021	
Common equity tier 1 capital requirements	1,031.2	8.75%	855.1	7.84%
Tier 1 capital requirements	1,242.0	10.54%	1,044.6	9.58%
Total Capital	1,522.9	12.92%	1,297.3	11.90%

If Avida had not applied the transitional rules for IFRS 9, Common equity tier 1 capital ratio in the Group would have amounted to 9.83%, Tier 1 capital ratio to 11.63%, and total capital ratio to 13.90%.

LEVERAGE RATIO

The leverage ratio is a non-risk-sensitive capital requirement that states the amount of Tier 1 capital in relation to the bank's or the Group's total assets, including off-balance items. Avida has a leverage ratio requirement of 3 per cent, and reports the leverage ratio to the Swedish Financial Supervisory Authority on a quarterly basis.

AVIDA FINANS AB

SEK MILLION	31/12/2022	31/12/2021
Own funds requirements (Pillar 1)	16,329.0	14,130.2
Special Own funds requirement (Pillar 2)	0.0	0.0
Pillar 2 guidance	0.0	0.0
Exposure measures for calculation of leverage ratio	16,329.0	14,130.2
Tier 1 capital	1,457.7	1,356.4
Leverage ratio, %	**8.93%**	**9.60%**
Leverage ratio requirement	489.9	439.9
Leverage ratio requirements, percentage	3%	3%

AVIDA CONSOLIDATED SITUATION

SEK MILLION	31/12/2022	31/12/2021
Own funds requirements (Pillar 1)	16,382.7	14,172.9
Special Own funds requirement (Pillar 2)	0.0	0.0
Pillar 2 guidance	0.0	0.0
Exposure measures for calculation of leverage ratio	16,382.7	14,172.9
Tier 1 capital	1,466.9	1,363.7
Leverage ratio, %	**8.95%**	**9,62%**
Leverage ratio requirement	491.5	423,9%
Leverage ratio requirements, percentage	3%	3%

29 CAPITAL ADEQUACY. CONT.

AVIDA FINANCE AB - EU KM1, KEY METRICS

		4Q22	3Q22	2Q22	1Q22	4Q21
		a	b	c	d	e
		T	T-1	T-2	T-3	T-4
Available own funds (amount)						
1	Common Equity Tier 1 (Tier 1)	1,268,925	1,244,830	1,188,536	1,199,248	1,166,954
2	Tier 1 capital	1,466,940	1,442,394	1,385,763	1,396,250	1,363,619
3	Total Capital	1,715,820	1,690,750	1,633,701	1,643,678	1,610,876
Risk exposure amount						
4	Risk exposure amount	11,788,094	11,334,448	11,131,418	10,787,595	10,903,289
Capital relations (as a percentage of the risk-weighted exposure amount)						
5	Common Equity Tier 1 capital ratio (%)	10.76%	10.98%	10.68%	11.12%	10.70%
6	Tier 1 capital ratio (in %)	12.44%	12.73%	12.45%	12.94%	12.51%
7	Total capital ratio (%)	14.56%	14.92%	14.68%	15.24%	14.77%
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 %)	0.86%	0.68%	0.76%	0.76%	0.71%
EU 7b	of which: shall consist of Common Equity Tier 1 capital (in percentage points)	0.29%	0.23%	0.25%	0.25%	0.24%
EU 7c	of which: shall consist of Tier 1 capital (in percentage points)	0.38%	0.30%	0.34%	0.34%	0.32%
EU 7d	Total own funds requirements for the review and evaluation process (in %)	9.53%	9.21%	9.35%	9.36%	9.27%
Combined buffer requirement and aggregate capital requirement (as a percentage of the risk-weighted exposure amount)						
8	Capital conservation buffer (in %)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macroprudential or systemic risks identified at Member State level (in %)					
9	Institution-specific countercyclical capital buffer (in %)	0.89%	0.78%	0.20%	0.14%	0.13%
EU 9a	System risk buffer (in %)					
10	Global systemically important institution buffer (in %)					
EU 10a	Buffer for other systemically important institutions (in %)					
11	Combined buffer requirement (in %)	3.39%	3.28%	2.70%	2.64%	2.63%
EU 11a	Aggregate capital requirements (in %)	12.92%	12.49%	12.05%	12.00%	11.90%
12	Available Common Equity Tier 1 capital after meeting the total own funds requirements for review	6.26%	6.48%	6.18%	6.62%	6.20%
Leverage ratio, %						
13	Total exposure measurement	16,382,731	15,468,003	15,156,190	14,348,072	14,172,863
14	Leverage ratio %	8.95%	9.33%	9.14%	9.73%	9.62%
Additional own funds requirements to manage the risk of excessively low leverage ratio (as a percentage of the total exposure measure)						
EU 14a	Additional own funds requirements to manage the risk of excessively low leverage ratio (in %)	-	-	-	-	-
EU 14b	of which: shall consist of Common Equity Tier 1 capital (in percentage points)	-	-	-	-	-
EU 14c	Total leverage ratio requirement for the review and evaluation process (in %)	-	-	-	-	-
EU 14d	Leverage ratio buffer requirement (in %)	3.00%	3.00%	3.00%	3.00%	3.00%
EU 14e	Overall leverage ratio requirement (in %)	-	-	--	-	-
EU 14f	Overall leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
Liquidity Coverage Ratio						

29 CAPITAL ADEQUACY. CONT.

15	Total high-quality liquid assets (weighted value – average)	1,070,047	943,712	1,094,134	900,547	863,989
16	Total net liquidity outflows (adjusted value)	476,505	453,684	511,142	533,281	398,564
17	Liquidity Coverage Ratio (in %)	298.81%	201.56%	222.04%	168.87%	216.78%
Stable net funding ratio						
18	Total available stable funding	14,892,694	13,727,359	13,584,153	13,027,829	16,865,792
19	Total need for stable funding	11,750,944	10,193,015	9,736,972	7,685,946	8,148,934
20	NSFR ratio (%)	126.70%	134.67%	139.51%	169.50%	157.00%

31 IFRS 16 LEASING

AMOUNTS REPORTED IN THE CONSOLIDATED STATEMENT OF PROFIT/LOSS	2022	2021
Depreciation on right-of-use assets	4.7	6.7
Interest expenses related to lease liabilities	1.2	0.5
Costs related to short-term leases	1.4	1.3
Costs related to low-value leases	0.2	0.2
Total	**7.5**	**7.3**

MATURITY ANALYSIS OF LEASING LIABILITIES	31/12/2022	31/12/2021
Year 1	7.7	7.7
Year 2	7.0	7.7
Year 3	6.0	7
Year 4	6.0	6
Year 5	0.0	6
	26.7	**34.5**

RIGHT-OF-USE ASSETS	31/12/2022	31/12/2021
Acquisition value, opening balance	21.9	22.3
Outgoing right-of-use assets	-16.1	-2.3
Additional right-of-use assets	16.2	1.9
Acquisition value, closing balance	**22.0**	**21.9**
Accumulated depreciation, opening balance	-18.1	-13.5
Adjustment of outgoing right-of-use assets	16.1	2.1
Depreciation for the year	-4.7	-6.7
Accumulated depreciation, closing balance	**-6.8**	**-18.1**
Carrying amount	**15.2**	**3.8**

Lease liabilities are classified as other liabilities. The Group is not exposed to any significant liquidity risk as a result of the leasing liabilities. As of year-end 2022-12-31, the group had not entered into any leasing agreements that have not yet been reported in the balance sheet.

32 CONTINGENT LIABILITIES AND COMMITMENTS

	GROUP	
SEK MILLION		
PLEDGED ASSETS	**2022**	2021
Guarantees provided	-	-
Total	**-**	**-**
CONTINGENT LIABILITIES	**2022**	2021
Contingent liabilities/loans	3,522.5	3,172.1
Total	**3,522.5**	**3,172.1**
Commitments	-	-
Total	**-**	**-**

33 RELATED PARTY TRANSACTIONS

Group
All transactions between companies within the Group have taken place on market terms.

Parent Company
As of 31 December 2022, Avida Finans AB has a claim on the subsidiary Avida Norge AS in the amount of SEK 1,673,377.

During the year, Avida Finans AB sold services to the subsidiary Avida Norge AS in the amount of SEK 251,927.

During the year, Avida Finans AB purchased services from the subsidiary Avida Norge AS at the amount of SEK 555,562.

Information on remuneration for senior executives can be found in Note 8.

No transactions with related parties have otherwise taken place during the year.

34 SUBSEQUENT EVENTS

A successful sale of overdue receivables in Sweden was completed in the first quarter of 2023. The deal was the second structured sale of this type for Avida, and is likely to be followed by more sales in the future. Sale of overdue receivables aims to free up capital for the company and enable focus on the company's core business, which does not include handling overdue receivables.

During March, a number of banks in the US and Europe have ended up in economic problems. In all cases it refers to a so-called bank run where customers in the bank have chosen to withdraw their deposits at a rate that the banks have not been able to handle. Avida has had no direct or indirect exposure against any of the banks concerned, and has not been affected directly from these events. However, we can see that the cost for borrowing increased slightly further during the latter part of first quarter. Avida's management follows developments closely.

During March, Avida's board decided on a new share issue of SEK 201 million with preferential rights for existing shareholders. The issue was approved at an extraordinary general meeting on April 20.

35 PROPOSED ALLOCATION OF PROFITS

The following profits are available to the general meeting:

Other contributed capital	198,014,473
Retained earnings SEK	1,080,801,558
This year's profit/loss SEK	63,254,209
TOTAL AVAILABLE PROFITS	**1,342,070,241**

The Board of Directors proposes that unappropriated earnings be distributed as follows:

to be carried forward in new account SEK	1,342,070,241
TOTAL	**1,342,070,241**

Definitions

ALTERNATIVE PERFORMANCE MEASURES[1]

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.
CALCULATION (62.4 / 1,409.2 * 100)

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.
CALCULATION ((84.5 /15,733.4 * 100)

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.
CALCULATION (346.8 / 863.6)

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

COMMON EQUITY TIER 1 CAPITAL RATIO
Common equity Tier 1 capital divided by the total risk-weighted exposure amount. The key figure is a regulatory requirement to ensure that the company has sufficient capital.
CALCULATION: (1,268.9 / 11,788.1 * 100)

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.
CALCULATION (1,457.7 / 11,788.1 * 100)

PROVISION RATIO
Reserve made at the end of the period for future credit losses in relation to loans to the public (gross) at the end of the period.
CALCULATION (1,275.3 / 13,650.1 * 100)

RISK EXPOSURE AMOUNT
Risk-weighted exposures refer to the assigned value of an exposure on and off balance sheet.

NET INTEREST INCOME
Interest income minus interest costs.
CALCULATION (1,028.1-194.1)

SOLVENCY
Adjusted equity at the end of the period divided by total assets at the end of the period. The key ratio monitors the proportion of assets that are financed with equity.
CALCULATION: (1,409.2 / 15,733.4 * 100)

TOTAL CAPITAL RATIO
The own funds divided by the total risk-weighted exposure amount.
CALCULATION (1,715.8 / 11,788.1 * 100)

TOTAL PROFIT/LOSS AFTER TAX
Total result including components that have or may come to be reclassified to the income statement.

PROFIT MARGIN
Profit before allocations and tax divided by operating income.
CALCULATION (84.5/ 863.6* 100)

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

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

Signature of the Board and CEO

The Board and the CEO certify that the Annual Report has been prepared in accordance with generally accepted accounting principles in Sweden and the Consolidated Financial Statements have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The Annual Report and Consolidated Financial Statements respectively give a true and fair view of the Parent Company's and the Group's position and earnings. It is further assured that the Management Report for the Parent Company and the Group respectively provides 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, April 2026, 2023

Varun Khanna, Board Chair

Tine Wollebekk, CEO

Daniel Knottenbelt, Member

Celina Midelfart, Member

Geir Olsen, Member

Vaibhav Piplapure, Member

Teresa Robson-Capps, Member

Our audit report was submitted on April 26, 2023

DELOITTE AB

Patrick Honeth
Authorised Accountant

AUDITOR'S REPORT

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Avida Finans AB (Publ) for the financial year 2022. The annual accounts and consolidated accounts of the company are included on pages 18-69 of 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 the parent company as at 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated 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 group as at 31 December 2022 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 and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated 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 the parent company and the Group 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 or, where applicable, its parent company or its controlled companies within the EU.

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 accounts and consolidated accounts as a whole, 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 Finans'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.
- The effect of the current geopolitical state, high energy prices, inflation, and rising interest rates on above key areas of judgement.

At December 31, 2022, loans to the public amounted to SEK 12 374 million, with loan loss provisions of SEK 1 275 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 14.

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.

- We have included an assessment of the current geopolitical state, high energy prices, inflation, and rising interest rates in the above stated audit procedures.

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 IT-environment
- Incorrect and insufficient configurations of information securit

Our audit procedures have included but not been limited to:

- We have reviewed management's change controls in the IT-environment.
- 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 read-back routines are appropriately designed.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-17. 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 and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated 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 consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. 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 and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the parent company's and the Group'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 intend to liquidate the company, to cease operations, or have 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.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated 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 2022 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 the company 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, 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 according to generally accepted auditing standards in Sweden we use professional judgement and have a professional sceptical attitude throughout the whole audit. The audit of the company's administration and proposal for appropriations of the company's profit or loss is based mainly on the audit of the financials. What other additional audit procedures that is performed is based on our professional judgement and stems from risk and materiality. This means our main focus in the audit are procedures, areas and conditions in which are material for the operations and where deviations would have material impact on the company's situation. We asses made decisions, underlying documentation for decisions, taken measures and other conditions relevant for our opinion about discharge from liability. As grounds for our opinion of the Board of Directors proposed appropriations of the company's profit or loss we have audited if the proposal is in accordance with the Companies Act.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

OPINION

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Avida Finans AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

BASIS FOR OPINION

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies International Standard on Quality Management 1, that requires the company to design, implement, and maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include validation of the Esef report is established in a valid XHTML-format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow statement.

Deloitte AB, was appointed auditor of Avida Finans AB (publ) by the general meeting of the shareholders on the on June 7, 2022 and has been the company's auditor since May 31, 2019.

Stockholm April 26, 2023
Deloitte AB

Patrick Honeth
Authorised public accountant

AUDITOR´S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

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

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the statutory sustainability report for the year 2022 on pages 10-12 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

OPINION

A sustainability report has been prepared.

Stockholm, April 26, 2023
Deloitte AB

Signature on Swedish original

Patrick Honeth
Authorised Public Accountant

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.

THE AUDITOR'S OPINION ON THE CORPORATE GOVERNANCE STATEMENT

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

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the corporate governance statement for the financial year 2022 on pages 14-17 and that it has been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINION

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, April 26, 2023
Deloitte AB

Signature on Swedish original

Patrick Honeth
Authorised public accountant

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