

# YEAR-END REPORT

JANUARY-DECEMBER

# 2020

AVIDA FINANS AB (PUBL)  
556230-9004

**AVIDA**

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# CEO COMMENTS

## A solid quarter in challenging times

*The economic trends in society during the quarter were dominated by the pandemic, as the spread of the virus picked up speed again in the Nordic countries and in the rest of Europe. In our home markets, tighter restrictions were introduced that affected both companies and*

*individuals. These restrictions have been most severe in Norway and Finland, where entire communities have been shut down to counteract the spread of infection. The vaccination process has now begun and we are starting to see light at the end of the tunnel. However, it*

*will be some time before we can get an overview of the full effects of the pandemic. The government support programs to companies and individuals in our home markets are crucial for future sustainable economic development.*



### DEMAND FOR CREDIT REMAINS GOOD

During Q4, we continued to support our corporate customers by primarily offering financing and liquidity to support growth. The number of bankruptcies has not increased to the extent that might have been expected. This is largely because the fiscal support offered by the government has helped many companies to survive and the need for amortization exemptions in our portfolio is very limited. Companies have also worked hard to reduce costs and manage resources to get through this difficult time. This has somewhat dampened the demand for corporate financing during Q4. We have been and continue to be strong in financing in connection with structural transactions in Private Equity, where we often offer factoring solutions to support liquidity. These types of transactions decreased significantly during the second half of the year, which also

hampered lending in Business Finance. In the light of the macroeconomic situation, the sales process and the due diligence in connection with the granting of credit, is taking longer time at the moment.

Our customers in Consumer Finance have to some extent also changed their consumption patterns. Demand for loans declined slightly during the quarter and we experienced slightly stagnant growth in the segment. We have also deliberately reduced the risk in the portfolio, which means that volume growth has slowed down. The underlying credit quality did not deteriorate during the quarter, neither in terms of increased default nor in reduced collection performance. Despite this, we have chosen to set aside additional provisions for future potential credit losses during the fourth quarter, in order to stand even stronger if the macroe-

conomic situation were to deteriorate further.

### THE RESULT WAS CHARACTERIZED BY INCREASED PROVISIONS

We experienced a continued positive trend in net interest income, which increased by 4% during the quarter. The growth was driven by increased lending in Consumer Finance. The volume trend in Business Finance developed negatively during the quarter, driven by somewhat subdued demand and seasonality in the factoring portfolio. Margins have been stable during the quarter.

During the quarter, we started to build the business platform of the future for both Consumer Finance and Business Finance. The business processes require a dynamic system where customers' needs can be quickly met regarding deposits and lending, while at the

same time enabling a cost-effective process. Consequently, a non-recurring write-down of intangible assets of SEK 9 million has been made. Furthermore, we have also made hires in Business Finance sales to further support future growth, which led to increased staff costs during the quarter.

The underlying credit risk has been stable and did not change significantly during the quarter. Business Finance have even experienced an improved level of payment behaviour during the pandemic. Consumer Finance also had no indications of deteriorating underlying credit quality. Despite this, we have increased the provisions for future credit losses within Consumer Finance in order to be even better prepared in the uncertain macroeconomic situation. Avida has decided to set aside provisions corresponding to SEK 39 million during the quarter as a one-off adjustment. We have increased the provision levels for potential future credit losses from 4.9% in Q3 to 6.1% in Q4. This led to credit losses of SEK 133 million in Q4 in comparison with SEK 82 million in Q3. Non-recurring items, relating to operating costs and credit losses, amounting to SEK 48 million are a contributing factor to the quarterly negative earnings of SEK -27 million.

Avida continues to have good access to capital and liquidity. The total capital ratio amounts to 17.8%, which is well above both internal and regulatory limits. The access to liquidity was good during the quarter and Avida has initiated a new platform for Euro deposits in collaboration with Deposit Solution.

### A FUNCTIONING BUSINESS IN PANDEMIC TIMES IN CONTINUED FOCUS

As the pandemic situation calmed down during the beginning of the autumn, Avida's staff returned in a controlled manner to partially work in our offices again. With a maximum of 50% of the staff in place at the same time, there was

no problem operating the business in a safe manner. In Q4, however, the global and local situation deteriorated and Avida then chose to return to working remotely as the primary recommendation. Our strategy during the pandemic continues to be to focus on having both healthy employees and a healthy company. We will therefore continue to monitor developments and quickly adapt to new conditions.

We can also see that our product offering to our customers is well adapted to the uncertain times we are experiencing at the moment. At a time when traditional banking solutions may not be fully sufficient to handle companies' liquidity needs, Avida's product portfolio, in combination with government guarantees, has proven to be an effective way for companies in need of liquidity to grow their business.

For our private customers, we always offer insurance that is free of charge for the first three months. The insurance covers the monthly payment for the customer in the event of illness or unemployment.

When developments in the outside world are uncertain, it is good to have savings that can be used for unforeseen expenses. A good alternative for savings is Avida's deposit account offering. The account has better interest rates than traditional banks, and the savings are covered by the government deposit guarantee.

With respect for the difficult period the world is going through, I continue to believe that we, with our strong owners, an efficient organization and well-adapted and competitive services to both the consumer and corporate markets, will stay strong in a turbulent time.

### SIGNIFICANT EVENTS DURING THE REPORT PERIOD

In October, the Swedish Financial Supervisory Authority approved the proposed merger

between Avida Finans and Avida Holding. The merger plan, which was announced on 26 June, was implemented as planned in November 2020. On 12 October, Avida Holding applied for de-listing from the Oslo Stock Exchange's NOTC list and the last trading day for the share was 16 November.

Stockholm 19 February 2021

**Tord Topsholm**  
CEO



# Key figures

GROUP	Q4 2020	Q3 2020	Jan-Dec 2020	Jan-Dec 2019	Q4 2019
<b>MSEK</b>					
Net interest income	191	184	724	538	153
Net commission income	3	4	12	6	2
Profit before credit losses	106	122	442	308	96
Credit losses, net	-133	-82	-437	-179	-48
Operating profit	-27	40	5	129	48
Loans to credit institutions	1 085	1 334	1 085	1 790	1 790
Loans to the public	9 979	10 166	9 979	8 353	8 353
Deposits from the public	10 160	10 600	10 160	9 111	9 111
Equity	1 323	1 350	1 323	1 069	1 069
Solidity (%)	11.2	10.9	11.2	10.1	10.1
C/I relation	0.45	0.35	0.39	0.45	0.41
Return on equity (%)	-7.0	11.2	0.7	10.9	13.3
Total capital ratio (%)	17.8	17.2	17.8	16.7	16.7
Provision ratio (%)	6.1	4.9	6.1	3.1	3.1
<b>PARENT COMPANY</b>					
<b>MSEK</b>					
Net interest income	189	182	711	524	150
Net commission	3	4	12	6	2
Profit before credit losses	104	122	437	307	97
Credit losses, net	-132	-82	-436	-179	-48
Operating profit	-28	40	1	128	49
Loans to credit institutions	1 075	1 325	1 075	1 777	1 777
Loans to the public	9 978	10 164	9 978	8 349	8 349
Deposits from the public	10 160	10 600	10 160	9 111	9 111
Equity	1 316	1 326	1 316	1 044	1 044
Solidity (%)	11.1	10.8	11.1	9.9	9.9
C/I relation	0.46	0.34	0.39	0.44	0.4
Return on equity (%)	-7.1	11.6	-0.1	11.2	13.9
Total capital ratio (%)	17.8	17.2	17.8	16.7	16.7
Provision ratio (%)	6.1	4.9	6.1	3.2	3.2

### FINANCIAL DEVELOPMENT

Q4 was characterized by stagnant growth in both Consumer Finance and Business Finance. Net lending to the public fell by 2% during the quarter and was SEK 9,979 million at the turn of the year. Although net lending declined during the quarter, net interest income increased by 4%. The increase is exclusively due to the growing consumer book. Avida's interest expenses are on par with Q3.

In Consumer Finance, growth has been stable during the Q4. However, the rate of growth has slowed somewhat compared with previous quarters. This was partly due to the fact that the growth rate has generally slowed in all our domestic markets, but also because we have deliberately reduced inflows and recruited volumes with better risk quality.

In Business Finance, we noted a strong underlying demand for financing among our corporate customers in both corporate loans and factoring. Growth in Avida's corporate business stalled in the last quarter, however, and is slightly lower compared with Q3. In Business Finance, we experienced longer sales processes as a result of Covid-19, which led to hampered growth.

As mentioned above, net interest income increased by 4% in comparison with Q3.

Costs increased during Q4. This was mainly driven by increased personnel costs, as we hired a number of new sales executives in Business Finance, as well as slightly increased costs in connection with the ongoing dispute regarding the terminated forward flow agreement. Avida also conducted an impairment test regarding the intangible assets. This led to increased depreciation amounting to SEK 9 million in Q4.

Credit losses increased during the quarter to SEK 132.7 million. The reason for the increase is that Avida has updated the company's IFRS9 model to better reflect the macroeconomic situation. As a result of this update, we have chosen to set aside additional credit provisions for our Consumer Finance portfolio in stage 1 and 2. The updated model has caused an extra credit provision for future potential credit losses of SEK 39 million. The uncertainty in the macroeconomic forecast remains high and Avida's management is closely monitoring the pandemic's impact, and a change in the macroeconomic situation may affect assessments in the future.

Avida's profit before tax for the period amounted to SEK -26.9 million.



## Income statement

GROUP	Note	Q4 2020	Q3 2020	Q4 2019	%	Jan-Dec 2020	Jan-Dec 2019	%
<b>MSEK</b>								
Interest income	5	237.4	229.7	202	18%	919.7	692.9	33%
Interest expenses	5	-45.9	-45.6	-49.3	-7%	-195.7	-155.3	26%
<b>NET INTEREST INCOME</b>		<b>191.5</b>	<b>184.1</b>	<b>152.7</b>	<b>25%</b>	<b>724.1</b>	<b>537.6</b>	<b>35%</b>
Commission income	6	2.8	4.1	2.0	44%	11.5	6.1	89%
Commission expense	6	-	-	-	-	-	-	-
<b>NET COMMISSION INCOME</b>		<b>2.8</b>	<b>4.1</b>	<b>2.0</b>	<b>44%</b>	<b>11.5</b>	<b>6.1</b>	<b>89%</b>
Net result of financial transactions		-0.8	-2.7	6.2	-113%	-8.1	14.9	-
Other income		-0.3	0.3	0.3	-	0.6	2.5	-74%
<b>TOTAL OPERATING INCOME</b>		<b>193.2</b>	<b>185.8</b>	<b>161.2</b>	<b>20%</b>	<b>728.2</b>	<b>561.1</b>	<b>30%</b>
General administrative expenses		-73.9	-59.4	-55.7	33%	-259.3	-236	10%
Depreciation and write-downs of tangible and intangible assets		-13.4	-4.8	-9.6	39%	-27.3	-17.4	57%
<b>TOTAL COSTS BEFORE CREDIT LOSSES</b>		<b>-87.3</b>	<b>-64.2</b>	<b>-65.3</b>	<b>34%</b>	<b>-286.6</b>	<b>-253.4</b>	<b>13%</b>
<b>RESULT BEFORE CREDIT LOSSES</b>		<b>105.8</b>	<b>121.6</b>	<b>95.9</b>	<b>10%</b>	<b>441.6</b>	<b>307.7</b>	<b>44%</b>
Credit losses, net	7	-132.7	-81.6	-48.4	174%	-436.6	-179.2	144%
<b>OPERATING PROFIT</b>		<b>-26.9</b>	<b>40.0</b>	<b>47.5</b>	<b>-</b>	<b>5.0</b>	<b>128.5</b>	<b>-96%</b>
<b>PROFIT BEFORE TAX</b>		<b>-26.9</b>	<b>40.0</b>	<b>47.5</b>	<b>-</b>	<b>5.0</b>	<b>128.5</b>	<b>-96%</b>
Income tax expense		3.6	-5.7	-13.6	-	-3.0	-31.4	-90%
<b>NET PROFIT FOR THE PERIOD</b>		<b>-23.3</b>	<b>34.3</b>	<b>33.9</b>	<b>-</b>	<b>2.0</b>	<b>97.1</b>	<b>-98%</b>

## Statement of comprehensive income

GROUP	Note	Q4 2020	Q3 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
<b>MSEK</b>						
<b>NET PROFIT FOR THE PERIOD</b>		<b>-23.3</b>	<b>34.3</b>	<b>33.9</b>	<b>2.0</b>	<b>97.1</b>
Changes in fair value on financial assets valued at fair value through equity	10,11	-	-	-0.3	-	-
Currency translation differences relating to foreign operations		-0.6	-0.2	0.9	3.6	-3.9
Changes in Tier 1 instrument		-5.1	-5.3	-5.2	-21.0	-10.3
<b>Sum of items that may be subsequently reclassified to the income statement</b>		<b>-5.7</b>	<b>-5.5</b>	<b>-4.6</b>	<b>-17.4</b>	<b>-14.2</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>-29.0</b>	<b>28.8</b>	<b>29.3</b>	<b>-15.4</b>	<b>82.9</b>

## Income statement

PARENT COMPANY	Note	Q4 2020	Q3 2020	Q4	%	Jan-Dec 2020	Jan-Dec 2019	%
<b>MSEK</b>								
Interest income	5	234.1	227.8	198.9	18%	906.7	680.5	33%
Interest expenses	5	-45.3	-45.7	-49.0	-8%	-195.6	-156.0	25%
<b>NET INTEREST INCOME</b>		<b>188.8</b>	<b>182.1</b>	<b>149.9</b>	<b>26%</b>	<b>711.1</b>	<b>524.5</b>	<b>36%</b>
Commission income	6	2.8	4.1	2.0	44%	11.5	6.1	89%
Commission expense	6	-	-	-	-	-	-	-
<b>NET COMMISSION INCOME</b>		<b>2.8</b>	<b>4.1</b>	<b>2.0</b>	<b>44%</b>	<b>11.5</b>	<b>6.1</b>	<b>89%</b>
Net result of financial transactions		1.6	-2.8	6.3	-	-8.2	14.8	-
Other income		0.4	0.3	2.1	80%	1.3	4.3	-70%
<b>TOTAL OPERATING INCOME</b>		<b>193.6</b>	<b>183.7</b>	<b>160.3</b>	<b>0.21</b>	<b>715.7</b>	<b>549.7</b>	<b>30%</b>
General administrative expenses		-77.7	-58.5	-60.6	28%	-258.4	-232.2	11%
Depreciation and write-downs of tangible and intangible assets		-11.6	-3.0	-2.8	310%	-20.0	-10.3	94%
<b>TOTAL COSTS BEFORE CREDIT LOSSES</b>		<b>-89.3</b>	<b>-61.5</b>	<b>-63.4</b>	<b>41%</b>	<b>-278.4</b>	<b>-242.5</b>	<b>15%</b>
<b>RESULT BEFORE CREDIT LOSSES</b>		<b>104.3</b>	<b>122.2</b>	<b>96.9</b>	<b>8%</b>	<b>437.3</b>	<b>307.2</b>	<b>42%</b>
Credit losses, net	7	-132.4	-81.6	-48.4	173%	-436.2	-179.1	144%
<b>OPERATING PROFIT</b>		<b>-28.1</b>	<b>40.6</b>	<b>48.5</b>	<b>-</b>	<b>1.1</b>	<b>128.1</b>	<b>-99%</b>
<b>PROFIT BEFORE TAX</b>		<b>-28.1</b>	<b>40.6</b>	<b>48.5</b>	<b>-</b>	<b>1.1</b>	<b>128.1</b>	<b>-99%</b>
Income tax expense		4.4	-5.6	-13.9	-131%	-2.2	-30.9	-93%
<b>NET PROFIT FOR THE PERIOD</b>		<b>-23.7</b>	<b>35.0</b>	<b>34.6</b>	<b>-</b>	<b>-1.1</b>	<b>97.2</b>	<b>-</b>

## Statement of comprehensive income

PARENT COMPANY	Note	Q4 2020	Q3 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
<b>MSEK</b>						
<b>NET PROFIT FOR THE PERIOD</b>		<b>-23.7</b>	<b>35.0</b>	<b>34.6</b>	<b>-1.1</b>	<b>97.2</b>
Changes in fair value on financial assets valued at fair value through equity	10,11	-	-	-0.4	-	-
Currency translation differences relating to foreign operations		0.4	-0.4	0.9	3.9	-3.9
Changes in Tier 1 instrument		-5.1	-5.3	-5.2	-21.0	-10.3
<b>Sum of items that may be subsequently reclassified to the income statement</b>		<b>-4.7</b>	<b>-5.7</b>	<b>-4.7</b>	<b>-17.1</b>	<b>-14.2</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>-28.4</b>	<b>29.2</b>	<b>29.9</b>	<b>-18.2</b>	<b>83.0</b>



# Balance Sheet

GROUP	Note	2020-12-31	2020-09-30	Δ msek	2019-12-31	Δ msek
<b>MSEK</b>						
<b>ASSETS</b>						
Cash and balances with central banks	10	220.5	231.4	-10.9	72.3	148.2
Collateralised government bonds	10,11	443.9	409.8	34.1	249.1	194.8
Loans to credit institutions	10	1 085.3	1 334.3	-249.0	1 789.6	-704.3
Loans to the public	8,10	9 979.1	10 166.2	-187.1	8 352.6	1 626.5
Derivatives	10,11	-	72.7	-72.7	-	-
Intangible assets		29.1	40.4	-11.3	42.7	-13.6
Tangible assets		10.3	12.3	-2.0	18.6	-8.3
Current tax asset		20.4	15.3	5.1	2.1	18.3
Other assets	10	43.8	42.0	1.8	33.1	10.7
Prepaid expenses and accrued income		16.4	16.1	0.3	23.2	-6.8
<b>TOTAL ASSETS</b>		<b>11 848.8</b>	<b>12 340.5</b>	<b>-491.7</b>	<b>10 583.3</b>	<b>1 265.5</b>
<b>LIABILITIES AND PROVISIONS</b>						
Deposits from the public	9,10	10 159.9	10 600.00	-440.1	9 111.4	1 048.5
Derivatives	10	7.5	-	7.5	17.9	-10.4
Other liabilities	10	87.5	112.1	-24.6	114.1	-26.6
Deferred tax		0.1	-	0.1	-	0.1
Accrued expenses and prepaid income		24.6	31.7	-7.2	24.9	-0.3
Subordinated debt	10	246.6	246.5	0.1	245.9	0.7
<b>TOTAL LIABILITIES</b>		<b>10 526.2</b>	<b>10 990.3</b>	<b>-464.1</b>	<b>9 514.2</b>	<b>1 012.00</b>
<b>EQUITY</b>						
Share capital		12.8	7.1	5.7	6.1	6.7
Other reserves		1.8	1.8	-	1.8	-
Other contributed equity		1 118.6	1 118.3	0.3	846.8	271.8
Retained earnings		187.4	197.7	-10.3	117.3	70.1
Net profit		2.0	25.3	-23.3	97.1	-95.1
<b>TOTAL EQUITY</b>		<b>1 322.6</b>	<b>1 350.2</b>	<b>-27.6</b>	<b>1 069.1</b>	<b>253.5</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>11 848.8</b>	<b>12 340.5</b>	<b>-491.7</b>	<b>10 583.3</b>	<b>1 265.5</b>

# Balance Sheet

PARENT COMPANY	Note	2020-12-31	2020-09-30	Δ msek	2019-12-31	Δ msek
<b>MSEK</b>						
<b>ASSETS</b>						
Cash and balances with central banks	10	220.5	231.4	-10.9	72.3	148.2
Collateralised government bonds	10,11	443.9	409.8	34.1	249.1	194.8
Loans to credit institutions	10	1 075.00	1 324.9	-249.9	1 777.1	-702.1
Loans to the public	8,10	9 977.8	10 164.3	-186.5	8 349.1	1 628.7
Derivatives	10,11	-	72.7	-72.7	-	-
Shares in group companies		2.0	-	2.0	-	2.0
Intangible assets		28.9	40.1	-11.2	42.1	-13.2
Tangible assets		1.6	1.8	-0.2	3.0	-1.4
Current tax asset		21.4	15.6	5.8	2.9	18.5
Other assets	10	44.3	43.5	0.8	38.3	6.0
Prepaid expenses and accrued income		14.6	14.2	0.4	21.2	-6.6
<b>TOTAL ASSETS</b>		<b>11 830.0</b>	<b>12 318.3</b>	<b>-488.3</b>	<b>10 555.1</b>	<b>1 274.9</b>
<b>LIABILITIES AND PROVISIONS</b>						
Deposits from the public	9,10	10 159.9	10 600.0	-440.1	9 111.4	1 048.5
Derivatives	10	7.5	-	7.5	17.9	-10.4
Other liabilities	10	76.1	99.7	-23.6	96.9	-20.8
Accrued expenses and prepaid income		24.1	31.4	-7.3	23.4	0.7
Subordinated debt	10	246.6	261.5	-14.9	260.9	-14.3
<b>TOTAL LIABILITIES</b>		<b>10 514.1</b>	<b>10 992.6</b>	<b>-478.4</b>	<b>9 510.5</b>	<b>1 003.8</b>
<b>EQUITY</b>						
Share capital		12.8	12.8	-	12.8	-
Other reserves		1.8	1.8	-	1.8	-
Fund for development expenditure		25.3	35.5	-10.2	24.4	0.9
Tier 1 capital		195.3	195.0	0.3	194.0	1.3
Retained earnings		1 081.8	1 058.0	23.7	714.5	367.3
Net profit		-1.1	22.6	-23.7	97.1	-98.2
<b>TOTAL EQUITY</b>		<b>1 315.9</b>	<b>1 325.7</b>	<b>-9.9</b>	<b>1 044.6</b>	<b>271.3</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>11 830.0</b>	<b>12 318.3</b>	<b>-488.3</b>	<b>10 555.1</b>	<b>1 274.9</b>

# Statement of changes in equity

2020-12-31 GROUP					
MSEK					
	RESTRICTED EQUITY		UNRESTRICTED EQUITY		TOTAL
	SHARE CAPITAL	OTHER RESERVS	OTHER CONTRIBUTED EQUITY	RETAINED EARNINGS AND NET PROFIT	
<b>Balance at 2020-01-01</b>	<b>6.1</b>	<b>1.8</b>	<b>846.8</b>	<b>214.4</b>	<b>1 069.1</b>
Total comprehensive income for the period	-	-	-	-15.4	-15.4
Reported in income statement	-	-	-	2.0	2.0
Reported as comprehensive income	-	-	-	-17.4	-17.4
Tier 1 capital, AT1	-	-	1.3	-	1.3
Transactions with shareholders					
Option program	-	-	-	-4.0	-4.0
Shareholder contribution	1.0	-	270.5	-	271.5
Transactions within the controlling influence	5.7	-	-	-5.7	0.0
<b>Balance at 2020-12-31</b>	<b>12.8</b>	<b>1.8</b>	<b>1 118.6</b>	<b>189.3</b>	<b>1 322.6</b>

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

2019-12-31 GROUP					
MSEK					
	RESTRICTED EQUITY		UNRESTRICTED EQUITY		TOTAL
	SHARE CAPITAL	OTHER RESERVS	OTHER CONTRIBUTED EQUITY	RETAINED EARNINGS AND NET PROFIT	
<b>Balance at 2019-01-01</b>	<b>5.8</b>	<b>1.8</b>	<b>574.4</b>	<b>134.6</b>	<b>716.6</b>
Total comprehensive income for the period	-	-	-	-	-
Reported in income statement	-	-	-	97.1	97.1
Reported as comprehensive income	-	-	-	-14.1	-14.1
Tier 1 capital, AT1	-	-	194.0	-	194.0
Adjustments from previous years	-	-	-	-0.6	-0.6
Transactions with shareholders					
Shareholder contribution	-	-	-	-2.7	-2.7
Group contribution	0.3	-	78.4	-	78.6
<b>Balance at 2019-12-31</b>	<b>6.1</b>	<b>1.8</b>	<b>846.8</b>	<b>214.5</b>	<b>1 069.1</b>

# Statement of changes in equity

2020-12-31 PARENT COMPANY						
MSEK						
	RESTRICTED EQUITY			UNRESTRICTED EQUITY		TOTAL
	SHARE CAPITAL	FUND FOR DEVELOPMENT EXPENDITURE	OTHER RESERVES	TIER 1 CAPITAL	RETAINED EARNINGS AND NET PROFIT	
<b>Balance at 2020-01-01</b>	<b>12.8</b>	<b>24.4</b>	<b>1.8</b>	<b>194.0</b>	<b>811.5</b>	<b>1 044.4</b>
Total comprehensive income for the period	-	-	-	-	-18.1	-18.1
Reported in income statement	-	-	-	-	-1.1	-1.1
Reported as comprehensive income	-	-	-	-	-17	-17
Change in fund for development expenditure	-	0.9	-	-	-0.9	-
Tier 1 capital, AT1	-	-	-	1.3	-	1.3
Fusionsdifferens i samband med fusion av Avida Holding AB	-	-	-	-	18.2	18.2
Transactions with shareholders						
Shareholder contribution	-	-	-	-	270.0	270.0
Group contribution	-	-	-	-	-	-
<b>Balance at 2020-09-30</b>	<b>12.8</b>	<b>25.3</b>	<b>1.8</b>	<b>195.3</b>	<b>1 080.7</b>	<b>1 315.9</b>

2019-12-31 PARENT COMPANY						
MSEK						
	RESTRICTED EQUITY			UNRESTRICTED EQUITY		TOTAL
	SHARE CAPITAL	FUND FOR DEVELOPMENT EXPENDITURE	OTHER RESERVES	TIER 1 CAPITAL	RETAINED EARNINGS AND NET PROFIT	
<b>Balance at 2019-01-01</b>	<b>12.8</b>	<b>7.3</b>	<b>1.8</b>		<b>668.0</b>	<b>689.9</b>
Total comprehensive income for the period	-	-	-	-	-	-
Reported in income statement	-	-	-	-	97.1	97.1
Reported as comprehensive income	-	-	-	-	-14.2	-14.2
Change in fund for development expenditure	-	17.1	-	-	-17.1	-
Tier 1 capital, AT1	-	-	-	194.0	-	194.0
Transactions with shareholders						
Shareholder contribution	-	-	-	-	78.9	78.9
Group contribution	-	-	-	-	-1.3	-1.3
<b>Balance at 2019-12-31</b>	<b>12.8</b>	<b>24.4</b>	<b>1.8</b>	<b>194.0</b>	<b>811.4</b>	<b>1 044.4</b>

Number of shares amounts to 70,576,359 with quota value at 0.18 sek/share

# Cash flow statement

	2020-12-31	2019-12-31
<b>MSEK</b>		
Operating profit	5.0	128.5
<i>Adjustment for items not included in cash flow</i>		
Unrealized credit losses (Provisions)	394.3	112.3
Depreciation of tangible and intangible assets	27.3	17.0
Other items	-	-
Income tax paid	-21.3	-14.8
<b>Cashflow from operating activities before changes in operating assets and liabilities</b>	<b>405.3</b>	<b>243.0</b>
<b>Changes in operating assets and liabilities</b>		
Increase/decrease loans to the public	-2 020.8	-3 029.6
Increase/decrease other assets	-6.9	-0.7
Increase/decrease deposits from the public	1 048.5	3 564.3
Increase/decrease other liabilities	-34.2	55.5
<b>Cash flow from operating activities</b>	<b>-608.1</b>	<b>832.5</b>
<b>Investing activities</b>		
Acquisition/Sale of tangible assets	-0.5	-23.0
Acquisition/Sale of intangible assets	-3.8	-31.7
Acquisition/Sale of collateralised government bonds	-194.8	-37.1
<b>Cash flow from investing activities</b>	<b>-199.1</b>	<b>-91.8</b>
<b>Financing activities</b>		
Emission of Tier 1 (AT1)	-	200.0
Interest on Tier 1 (AT1)	-19.6	-16.3
Change in subordinated debt	-0.7	0.4
Shareholder contribution	271.7	78.7
Change in options program	-4.0	-2.7
Group contribution	-	-0.6
Currency translation differences	3.7	-3.8
<b>Cash flow from financing activities</b>	<b>251.1</b>	<b>255.7</b>
<b>Cash flow for the period</b>	<b>-556.1</b>	<b>996.4</b>
Cash and cash equivalents at beginning of the period	1 861.9	865.5
<b>Cash and cash equivalents at end of period</b>	<b>1 305.8</b>	<b>1 861.9</b>

Cash and cash equivalents is defined as the total of loans to credit institutions and cash with central banks.

# Cash flow statement

PARENT COMPANY	2020-12-31	2019-12-31
<b>MSEK</b>		
Operating profit	1.1	128.0
<i>Adjustment for items not included in cash flow</i>		
Unrealized credit losses (Provisions)	394.4	112.3
Depreciation of tangible and intangible assets	20.0	10.0
Other items	-	-
Income tax paid	-21.7	-14.1
<b>Cashflow from operating activities before changes in operating assets and liabilities</b>	<b>393.8</b>	<b>236.2</b>
<b>Changes in operating assets and liabilities</b>		
Increase/decrease loans to the public	-2 022.7	-3 029.2
Increase/decrease other assets	-1.9	10.4
Increase/decrease deposits from the public	1 048.5	3 564.3
Increase/decrease other liabilities	-27.7	32.1
<b>Cash flow from operating activities</b>	<b>-610.0</b>	<b>813.8</b>
<b>Investing activities</b>		
Acquisition/Sale of tangible assets	-0.5	-0.8
Acquisition/Sale of intangible assets	-4.0	-31.5
Acquisition/Sale of collateralised government bonds	-194.8	-37.0
<b>Cash flow from investing activities</b>	<b>-199.3</b>	<b>-69.3</b>
<b>Financing activities</b>		
Emission of Tier 1 (AT1)	-	200.0
Interest on Tier 1 (AT1)	-19.6	-16.3
Change in subordinated debt	-14.3	-6.4
Shareholder contribution	270.0	78.9
Group contribution	-	-1.3
Currency translation differences	3.9	-3.9
Merger effect	15.5	-
<b>Cash flow from financing activities</b>	<b>255.5</b>	<b>251.0</b>
<b>Cash flow for the period</b>	<b>-553.8</b>	<b>999.5</b>
Cash and cash equivalents at beginning of the period	1 849.4	853.9
<b>Cash and cash equivalents at end of period</b>	<b>1 295.6</b>	<b>1 849.4</b>

Cash and cash equivalents is defined as the total of loans to credit institutions and cash with central banks.

# Notes

## 1 GENERAL INFORMATION

Avida Finans AB (publ) with organization number 556230-9004, is the parent company of Avida Group following the downstream merger of the former financial holding company Avida Holding AB, corporate identity number 556780-0593. It is in Avida Finans AB (publ) that the main business takes place. Avida Finans AB (publ) has had a permit from Finansinspektionen as a credit market company since 2000. The business consists of financing services to companies and lending to consumers, debt collection management and deposits from the public. Avida Inkasso AS (913778367) has been a wholly owned subsidiary of Avida Finans AB (publ) since the merger.

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

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

Avida conducts operations in Sweden and via branches in Norway and Finland: Avida Finans AB NUF (990 728 488) and Avida Finans AB, Finnish Branch (2541768-9). Furthermore, Avida conducts debt collection operations in Norway through the wholly owned subsidiary Avida Inkasso AS (913778367).

## 2 ACCOUNTING POLICIES

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

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

The accounting principles as well as calculations and reporting are essentially equal to the annual report for 2019. All amounts are stated in millions of Swedish kronor. The difference that exists consists of a minor reclassification of income and expenses and is described in Net commission income in Note 6.

This report has not been subject to audit.

## SIGNIFICANT ESTIMATES AND JUDGEMENTS IN THE FINANCIAL STATEMENTS

The preparation of the financial statements in accordance with statutory IFRS requires the company's management to make assessments and estimates as well as make assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses.

The estimates and assumptions are based on historical experience and a number of other factors that seem reasonable under the prevailing conditions. The result of these estimates and assumptions is used to assess the reported values of assets and liabilities that are not otherwise clear from other sources.

Actual outcomes may deviate from these estimates and judgements. Estimates and assumptions are reviewed regularly. Changes in estimates are reported in the period in which the change is made if the change only affects this period, or in the period in which the change is made and future periods if the change affects both the current period and future periods. Assessments made by management in the application of statutory IFRS that have a significant impact on the financial statements and estimates made that may lead to significant adjustments in the following year's financial statements are as follows:

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

## 3 RISKS

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

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

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

## FINANCIAL RISKS

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

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

**Credit risk** Credit/counterparty risk refers to the risk that the company will not receive payments in accordance with the agreement and/or will make a loss due to the counterparty's inability to meet its obligations. Credit risk is one of the most important risks for the company to control because this risk is an integrated part of lending.

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

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

## MARKET AND INTEREST RATE RISK FOR LOANS AND DEPOSITS

Risks in deposits from the public	Financial measure	Change	Q4 2020	Q4 2019
Change in deposit interest rate	Profit before tax	+/- 1 percent	+/- 25.9	+/- 21.9
	Change in equity	+/- 1 percent	+/- 20.4	+/- 17.2

Risks in loans to the public	Financial measure	Change	Q4 2020	Q4 2019
Change in lending interest rate	Profit before tax	+/- 1 percent	+/- 25.2	+/- 20.4
	Change in equity	+/- 1 percent	+/- 19.8	+/- 16.0

Risks in loans to credit institutions	Financial measure	Change	Q4 2020	Q4 2019
Change in lending interest rate	Profit before tax	+/- 1 percent	+/- 3.0	+/- 4.1
	Change in equity	+/- 1 percent	+/- 2.4	+/- 3.2

## EXCHANGE RATE RISK

Risks for result from foreign branches and companies	Financial measure	Change	Q4 2020	Q4 2019
Change in exchange rate SEK-NOK	Profit before tax	+/- 10 percent	+/- 0.1	+/- -
	Change in equity	+/- 10 percent	+/- 0.1	+/- -
Change in exchange rate SEK-EUR	Profit before tax	+/- 10 percent	+/- 1.5	+/- 3.6
	Change in equity	+/- 10 percent	+/- 1.2	+/- 2.8

## CREDIT RISK

Risk of change in recovery of overdue credits	Financial measure	Change	Q4 2020	Q4 2019
Changes in LGD	Profit before tax	+/- 5 percent	+/- 127.8	+/- 63.2
	Change in equity	+/- 5 percent	+/- 100.4	+/- 49.7



### LIQUIDITY PLANNING

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

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

In order to ensure the company's short-term ability to pay in the event of loss or impaired access to normally available sources of financing, the company maintains a separate reserve of high-quality assets. The company's liquidity reserve is defined in accordance with Finansinspektionen's regulations FFFS 2010:7, which means that it only consists of available funds that are not used as collateral and that can be pledged with the Swedish, Norwegian or Finnish central bank. In addition to the liquidity reserve, the liquidity buffer currently also includes funds in cash/bank, provided that such balances are available on the following banking day. The minimum size of the liquidity reserve is regulated by board-decided limits.

It is also possible to adjust the deposit rate to attract additional deposits from the public in order to strengthen the liquidity situation if necessary. The CEO is responsible for liquidity management. All new and chang-

ed limits must be approved by the board. In this respect, the company's risk management focuses on monitoring and controlling that the liquidity buffer is within the limits decided by the Board and to analyze whether there is any need for a limit adjustment based on changes in the business and its surroundings.

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

### CAPITAL PLANNING

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

GROUP	2020-12-31	2020-09-30	2019-12-31
<b>MSEK</b>			
<b>Liquidity reserve</b>			
Cash and balances with central banks	220.5	231.4	72.3
Collateralised government bonds	443.9	409.8	249.1
Loans to credit institutions (available the next day)	1 085.3	1 334.3	1 789.6
<b>Total liquidity reserve</b>	<b>1 749.7</b>	<b>1 975.5</b>	<b>2 111.0</b>

PARENT COMPANY	2020-12-31	2020-09-30	2019-12-31
<b>MSEK</b>			
<b>Liquidity reserve</b>			
Cash and balances with central banks	220.5	231.4	72.3
Collateralised government bonds	443.9	409.8	249.1
Loans to credit institutions (available the next day)	1 075.0	1 324.9	1 777.1
<b>Total liquidity reserve</b>	<b>1 739.5</b>	<b>1 966.1</b>	<b>2 098.5</b>

## 4 OPERATING SEGMENTS

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

The profit measure that is followed up at segment level is the operating profit. Profit items that are not directly attributable to segments are allocated with distribution keys that the company management believes provide a fair distribution to the segments.

SEGMENT REPORTING FOURTH QUARTER 2020	CONSUMER FINANCE	BUSINESS FINANCE	TOTAL
<b>MSEK</b>			
Interest income	182.0	55.4	237.4
Interest expense	-35.2	-10.7	-45.9
Commission income	2.8	-	2.8
Commission expense	-	-	-
Net result of financial transactions	-0.6	-0.2	-0.8
Other income	-0.2	-0.1	-0.3
<b>Total operating income</b>	<b>148.8</b>	<b>44.4</b>	<b>193.2</b>
General administrative expenses	-56.7	-17.3	-73.9
Depreciation and write-downs of tangible and intangible assets	-10.3	-3.1	-13.4
<b>Total cost before credit losses</b>	<b>-67.0</b>	<b>-20.4</b>	<b>-87.3</b>
<b>Result before credit losses</b>	<b>81.8</b>	<b>24.0</b>	<b>105.8</b>
Credit losses, net	-126.4	-6.3	-132.7
<b>Profit before tax</b>	<b>-44.6</b>	<b>17.7</b>	<b>-26.9</b>
Tax	7.1	-3.5	3.6
<b>Net profit for the period</b>	<b>-37.5</b>	<b>14.2</b>	<b>-23.3</b>
Loans to the public	7 381.3	2 597.8	9 979.1
Net interest margin	7.7%	6.2%	7.3%
Credit losses (%)	6.6%	0.8%	5.1%
Return on equity Tier 1	-20.4%	24.4%	-8.1%

SEGMENT REPORTING FOURTH QUARTER 2019	CONSUMER FINANCE	BUSINESS FINANCE	TOTAL
<b>MSEK</b>			
Interest income	155.5	46.5	202.0
Interest expense	-37.9	-11.3	-49.3
Commission income	2.0	-	2.0
Commission expense	-	-	-
Net result of financial transactions	4.8	1.4	6.2
Other income	0.2	0.1	0.3
<b>Total operating income</b>	<b>124.6</b>	<b>36.7</b>	<b>161.2</b>
General administrative expenses	-42.9	-12.8	-55.7
Depreciation and write-downs of tangible and intangible assets	-7.4	-2.2	-9.6
<b>Total cost before credit losses</b>	<b>-50.3</b>	<b>-15.0</b>	<b>-65.3</b>
<b>Result before credit losses</b>	<b>74.3</b>	<b>21.6</b>	<b>95.9</b>
Credit losses, net	-45.4	-3.0	-48.4
<b>Profit before tax</b>	<b>28.9</b>	<b>18.6</b>	<b>47.5</b>
Tax	-9.1	-3.1	-12.3
<b>Net profit for the period</b>	<b>19.8</b>	<b>15.5</b>	<b>35.2</b>
Loans to the public	6 136.5	2 216.1	8 352.6
Net interest margin	7.9%	6.3%	7.5%
Credit losses (%)	3.1%	0.5%	2.4%
Return on equity Tier 1	13.6%	28.4%	17.7%

GROUP	Sweden	Norway	Finland	Total
<b>MSEK</b>				
<b>Fourth quarter 2020</b>				
Total operating income	115.7	17.9	59.5	193.2
Loans to the public	5 611.1	1 249.6	3 118.4	9 979.1
<b>Fourth quarter 2019</b>				
Total operating income	86.4	32.0	42.9	161.2
Loans to the public	4 663.7	1 401.0	2 288.0	8 352.6

## 5 NET INTEREST INCOME

GROUP	Q4 2020	Q3 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
<b>MSEK</b>					
<b>Interest income</b>					
Loans to the public	196.5	191.5	166.6	768.2	572.4
Factoring	34.5	35.6	34.5	135.2	118.1
Other	6.4	2.6	0.9	16.3	2.5
<b>Total interest income</b>	<b>237.4</b>	<b>229.7</b>	<b>202.0</b>	<b>919.7</b>	<b>693.0</b>
<b>Interest expenses</b>					
Deposits from the public	45.6	44.9	49.1	194.2	154.7
Other	0.3	0.7	0.2	1.5	0.6
<b>Total interest expenses</b>	<b>45.9</b>	<b>45.6</b>	<b>49.3</b>	<b>195.7</b>	<b>155.3</b>
<b>Net interest income</b>	<b>191.5</b>	<b>184.1</b>	<b>152.7</b>	<b>724.0</b>	<b>537.6</b>

PARENT COMPANY	Q4 2020	Q3 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
<b>MSEK</b>					
<b>Interest income</b>					
Loans to the public	193.2	189.6	163.5	755.2	560.0
Factoring	34.5	35.6	34.5	135.2	118.1
Other	6.4	2.6	0.9	16.3	2.4
<b>Total interest income</b>	<b>234.1</b>	<b>227.8</b>	<b>198.9</b>	<b>906.7</b>	<b>680.5</b>
<b>Interest expenses</b>					
Deposits from the public	45.0	45.0	48.8	194.1	155.4
Other	0.3	0.7	0.2	1.5	0.6
<b>Total interest expenses</b>	<b>45.3</b>	<b>45.7</b>	<b>49.0</b>	<b>195.6</b>	<b>156.0</b>
<b>Net interest income</b>	<b>188.8</b>	<b>182.1</b>	<b>149.9</b>	<b>711.1</b>	<b>524.5</b>

## 6 NET COMMISSION INCOME

GROUP & PARENT COMPANY	Q4 2020	Q3 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
<b>MSEK</b>					
<b>Commission income</b>					
Received insurance payments from customers	4.7	5.9	18.8	3.6	11.0
Forwarded payments to insurance companies	-1.9	-1.8	-7.3	-1.6	-4.9
<b>Total commission income</b>	<b>2.8</b>	<b>4.1</b>	<b>11.5</b>	<b>2.0</b>	<b>6.1</b>
<b>Commission expense</b>					
Administration costs	-	-	-	-	-
<b>Total commission expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net commission income</b>	<b>2.8</b>	<b>4.1</b>	<b>11.5</b>	<b>2.0</b>	<b>6.1</b>

The items shown in this note are new items in Avida's income statement for the parent company and the group. Following a review of our revenue streams in 2020, Avida has made the assessment that this revenue stream should be reported in accordance with IFRS 15 and classified within net commission income. In previous reports, the premiums received from customers have been included in net interest income, while the payments have been reported as administrative expenses. The change has been applied to previous periods in this report, which affects certain comparative figures. As a result of what has been described above, the changed classification has not had any effect on Avida's results, but has only led to a transfer of accounts between lines in the financial reports which are presented above.

## 7 CREDIT LOSSES, NET

GROUP	Q4 2020	Q3 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
<b>MSEK</b>					
<b>Loans to the public</b>					
Provisions - Stage 1	-33.9	-2.8	-0.3	-50.4	-12.2
Provisions - Stage 2	-10.5	7.4	-3.8	-12.0	-20.6
Provisions - Stage 3	-81.2	-80.8	-31.4	-332.1	-80.7
<b>Total provisions</b>	<b>-125.6</b>	<b>-76.2</b>	<b>-35.5</b>	<b>-394.5</b>	<b>-113.5</b>
Write-downs	-7.0	-5.6	-13.6	-42.8	-67.0
Recoveries	0.1	0.2	0.8	1.0	1.3
<b>Total</b>	<b>-6.9</b>	<b>-5.4</b>	<b>-12.8</b>	<b>-41.8</b>	<b>-65.7</b>
<b>Total credit losses from loans to the public</b>	<b>-132.5</b>	<b>-81.6</b>	<b>-48.3</b>	<b>-436.3</b>	<b>-179.2</b>
<b>Loans to credit institutions</b>					
Provisions - Stage 1	-0.2	-	-	-0.2	-
Provisions - Stage 2	-	-	-	-	-
Provisions - Stage 3	-	-	-	-	-
<b>Total provisions</b>	<b>-0.2</b>	<b>-</b>	<b>-</b>	<b>-0.2</b>	<b>-</b>
Write-downs	-	-	-	-	-
Recoveries	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total credit losses from loans to credit institutions</b>	<b>-0.2</b>	<b>-</b>	<b>-</b>	<b>-0.2</b>	<b>-</b>
<b>Credit losses, net</b>	<b>-132.7</b>	<b>-81.6</b>	<b>-48.3</b>	<b>-436.5</b>	<b>-179.2</b>

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

- Determination of a significant increase in credit risk. The general definition consists of a backstop corresponding to the fact that a credit is due more than 30 days. For private lending, the definition has been expanded and calibrated to allow a majority of all loans that have matured more than 90 days (bad debts) to be considered to have significantly increased credit risk for at least six months before they are considered unsecured. In this way, Avida protects itself from excessive variations in credit losses.
- Macroeconomic aspects. Avida takes into account macroeconomic aspects regarding policy rates and unemployment in the market in which the company has its main operations. For these, an expected, deteriorated and improved outlook is designed, which at each reporting occasion is weighted at 80% for the expected outlook and at 10% each for the deteriorated and improved outlook.
- Valuation of loss in bankruptcy, loss given default (LGD).

## 8 LOANS TO THE PUBLIC

GROUP	2020-12-31	2019-12-31
<b>MSEK</b>		
<b>Loans to the public, gross</b>	<b>10 629.9</b>	<b>8 626.0</b>
Stage 1	8 962.3	7 447.8
Stage 2	517.9	655.5
Stage 3	1 149.7	522.7
<b>Total provision</b>	<b>-650.8</b>	<b>-273.4</b>
Stage 1	-111.7	-63.2
Stage 2	-62.9	-52.8
Stage 3	-476.2	-157.4
<b>Loans to the public, net</b>	<b>9 979.1</b>	<b>8 352.6</b>

GROUP	Stage 1	Stage 2	Stage 3	Total
<b>MSEK</b>				
<b>Loans to the public, gross January 1 2020</b>	<b>7 451.3</b>	<b>655.5</b>	<b>519.2</b>	<b>8 626.0</b>
Acquired and removed financial assets, net	2 141.6	31.0	142.1	2 314.7
Movement to Stage 1	192.3	-165.6	-26.8	-0.1
Movement to Stage 2	-250.6	259.0	-8.5	-0.1
Movement to Stage 3	-425.6	-246.6	672.2	-
Revaluation due to change in credit risk	-	-	-	-
Write-offs	-	-	-115.4	-115.4
Recycled financial assets	-	-	-	-
Exchange rate adjustments	-146.7	-15.4	-33.1	-195.2
Other	-	-	-	-
<b>Loans to the public, gross December 31 2020</b>	<b>8 962.3</b>	<b>517.9</b>	<b>1 149.7</b>	<b>10 629.9</b>

GROUP	Stage 1	Stage 2	Stage 3	Total
<b>MSEK</b>				
<b>Loans to the public, gross January 1 2019</b>	<b>4 894.8</b>	<b>513.3</b>	<b>183.4</b>	<b>5 591.5</b>
Acquired and removed financial assets, net	2 982.2	169.6	92.7	3 244.5
Movement to Stage 1	93.7	-91.9	-1.8	-
Movement to Stage 2	-230.1	230.6	-0.5	-
Movement to Stage 3	-334.6	-173.9	508.5	-
Revaluation due to change in credit risk	-	-	-	-
Write-offs	-	-	-268.1	-268.1
Recycled financial assets	-	-	-	-
Exchange rate adjustments	41.7	7.8	8.3	57.8
Other	-	-	0.3	0.3
<b>Loans to the public, gross December 31 2019</b>	<b>7 447.7</b>	<b>655.5</b>	<b>522.8</b>	<b>8 626.0</b>

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

GROUP	Stage 1	Stage 2	Stage 3	Total
<b>MSEK</b>				
<b>Provisions January 1 2019</b>	<b>50.4</b>	<b>31.6</b>	<b>74.1</b>	<b>156.1</b>
Acquired and removed financial assets, net	33.4	28.9	56.0	118.3
Movement to Stage 1	1.4	-7.2	-0.8	-6.6
Movement to Stage 2	-3.6	17.6	-0.1	13.9
Movement to Stage 3	-8.2	-17.8	52.6	26.6
Revaluation due to change in credit risk	-10.7	-0.9	-3.1	-14.7
Write-offs	-	-	-23.3	-23.3
Recycled financial assets	-	-	-	-
Exchange rate adjustments	0.5	0.6	2.0	3.1
Other	-	-	-	-
<b>Provisions December 31 2019</b>	<b>63.2</b>	<b>52.8</b>	<b>157.4</b>	<b>273.4</b>

## 8 LOANS TO THE PUBLIC, CONTINUED.

PARENT COMPANY	2020-12-31	2019-12-31
<b>MSEK</b>		
<b>Loans to the public, gross</b>	<b>10 628.6</b>	<b>8 622.5</b>
Stage 1	8 961.0	7 447.8
Stage 2	517.9	655.5
Stage 3	1 149.7	519.2
<b>Total provision</b>	<b>-650.8</b>	<b>-273.4</b>
Stage 1	-111.7	-63.2
Stage 2	-62.9	-52.8
Stage 3	-476.2	-157.4
<b>Loans to the public, net</b>	<b>9 977.8</b>	<b>8 349.1</b>

PARENT COMPANY	Stage 1	Stage 2	Stage 3	Total
<b>MSEK</b>				
<b>Loans to the public, gross January 1 2020</b>	<b>7 447.8</b>	<b>655.5</b>	<b>519.2</b>	<b>8 622.5</b>
Acquired and removed financial assets, net	2 143.8	31.0	142.1	2 316.9
Movement to Stage 1	192.3	-165.6	-26.8	-0.1
Movement to Stage 2	-250.6	259.0	-8.5	-0.1
Movement to Stage 3	-425.6	-246.6	672.2	-
Revaluation due to change in credit risk	-	-	-	-
Write-offs	-	-	-115.4	-115.4
Recycled financial assets	-	-	-	-
Exchange rate adjustments	-146.7	-15.4	-33.1	-195.2
Other	-	-	-	-
<b>Loans to the public, gross December 30 2020</b>	<b>8 961.0</b>	<b>517.9</b>	<b>1 149.7</b>	<b>10 628.6</b>

PARENT COMPANY	Stage 1	Stage 2	Stage 3	Total
<b>MSEK</b>				
<b>Loans to the public, gross January 1 2019</b>	<b>4 894.8</b>	<b>513.3</b>	<b>180.1</b>	<b>5 588.2</b>
Acquired and removed financial assets, net	2 982.2	169.6	92.7	3 244.5
Movement to Stage 1	93.7	-91.9	-1.8	-
Movement to Stage 2	-230.1	230.6	-0.5	-
Movement to Stage 3	-334.6	-173.9	508.5	-
Revaluation due to change in credit risk	-	-	-	-
Write-offs	-	-	-268.1	-268.1
Recycled financial assets	-	-	-	-
Exchange rate adjustments	41.7	7.8	8.3	57.8
Other	-	-	-	-
<b>Loans to the public, gross December 31 2019</b>	<b>7 447.7</b>	<b>655.5</b>	<b>519.2</b>	<b>8 622.4</b>

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

PARENT COMPANY	Stage 1	Stage 2	Stage 3	Total
<b>MSEK</b>				
<b>Provisions January 1 2019</b>	<b>50.4</b>	<b>31.6</b>	<b>74.1</b>	<b>156.1</b>
Acquired and removed financial assets, net	33.4	28.9	56.0	118.3
Movement to Stage 1	1.4	-7.2	-0.8	-6.6
Movement to Stage 2	-3.6	17.6	-0.1	13.9
Movement to Stage 3	-8.2	-17.8	52.6	26.6
Revaluation due to change in credit risk	-10.7	-0.9	-3.1	-14.7
Write-offs	-	-	-23.3	-23.3
Recycled financial assets	-	-	-	-
Exchange rate adjustments	0.5	0.6	2.0	3.1
Other	-	-	-	-
<b>Provisions December 31 2019</b>	<b>63.2</b>	<b>52.8</b>	<b>157.4</b>	<b>273.4</b>

## 9 DEPOSITS FROM THE PUBLIC

GROUP & PARENT COMPANY	2020-12-31	2019-12-31
<b>MSEK</b>		
<b>Deposits from the public</b>		
SEK	4 584.4	4 641.0
Foreign currency	5 611.5	4 470.4
<b>Total</b>	<b>10 159.9</b>	<b>9 111.4</b>

## 10 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

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

2019-12-31 GROUP	Financial assets & liabilities valued at fair value through income statement	Financial assets valued at fair value through statement of comprehensive income	Financial assets & liabilities valued at amortized cost	TOTAL REPORTED VALUE	FAIR VALUE
<b>MSEK</b>					
<b>Financial assets</b>					
Cash and balances with central banks	-	-	72.3	72.3	72.3
Collateralised government bonds	91.0	-	158.1	249.1	249.1
Loans to credit institutions	-	-	1 777.1	1 777.1	1 777.1
Loans to the public	-	-	8 349.1	8 349.1	8 349.1
Other assets	-	-	38.2	38.2	38.2
<b>Total assets</b>	<b>91.0</b>		<b>10 394.8</b>	<b>10 485.8</b>	<b>10 485.8</b>
<b>Financial liabilities</b>					
Deposits from the public	-	-	9 111.4	9 111.4	9 111.4
Subordinated debt	-	-	260.9	260.9	260.9
Derivatives	17.9	-	-	17.9	17.9
Other liabilities	-	-	96.9	96.9	96.9
<b>Total liabilities</b>	<b>17.9</b>		<b>9 469.2</b>	<b>9 487.1</b>	<b>9 487.1</b>



## 11 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

The company holds derivative instruments and a fund containing high-quality assets valued at fair value. Purchases in this funds took place during the period of SEK 0m (9.4).

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

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

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

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

Fair values for derivative instruments 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.

2020-12-31 GROUP	Level 1	Level 2	Level 3	Total
<b>MSEK</b>				
<b>Assets</b>				
Collateralised government bonds	97.6	-	-	97.6
<b>Total assets</b>	<b>96.6</b>	<b>-</b>	<b>-</b>	<b>97.6</b>
<b>Liabilities</b>				
Derivatives	-	7.5	-	7.5
<b>Total liabilities</b>	<b>-</b>	<b>7.5</b>	<b>-</b>	<b>7.5</b>

2019-12-31 GROUP	Level 1	Level 2	Level 3	Total
<b>MSEK</b>				
<b>Assets</b>				
Collateralised government bonds	91.0	-	-	91.0
<b>Total assets</b>	<b>91.0</b>	<b>-</b>	<b>-</b>	<b>91.0</b>
<b>Liabilities</b>				
Derivatives	-	17.9	-	17.9
<b>Total liabilities</b>	<b>-</b>	<b>17.9</b>	<b>-</b>	<b>17.9</b>

## 12 CAPITAL ADEQUACY

The information about Avida's capital adequacy in this document refers to such information that must be provided in accordance with Chapter 6. Sections 3-4 of Finansinspektionen's regulations and general guidelines (FFFS 2008:25) on annual accounts in credit institutions and securities companies and relating to information set out in Articles 92.3 d and f, 436, 437 b and 438 of Regulation (EU) No 575/2013 and of Ch.8 Section 8 of Finansinspektionen's regulations and general guidelines (FFFS 2014:12) on supervisory requirements and capital buffer and column a of Appendix 6 of the commission's implementing regulation (EU) no 1423/2013. Other information required in accordance with FFFS 2014:12 and Regulation (EU) No. 575/2013 is provided on Avida's website [www.vida.se](http://www.vida.se). Avida's strategy for capital management is to hold capital that by a sufficient margin exceeds the minimum level, including total buffer requirements. Avida uses the standardized method for credit risks and for operational risks the basic method is used.

### CAPITAL BASE AND CAPITAL REQUIREMENT

For the determination of Avida's statutory capital requirements, the Act (2014:968) on a special supervision of credit institutions and securities companies, Regulation (EU) No. 575/2013, the Capital Buffer Act (2014:966) and Finansinspektionen's regulations and general guidelines (FFFS 2014:12) on prudential requirements and capital buffers.

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

### CONSOLIDATED SITUATION

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

### INTERNALLY ASSESSED CAPITAL REQUIREMENT

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

### INTERNALLY ASSESSED CAPITAL REQUIREMENTS

As of 31 December 2020, the internally assessed capital requirement amounted to SEK 165.0 million (94.7) in Avida Finans AB. The internally assessed capital requirement in Consolidated situation amounted to SEK 164.9 million (95.1). The internal capital requirement in Pillar 2 is assessed by the Group to consist of the following types of risk: Credit concentration risk, Interest rate risk in the bank book and Business risk including credit spread risk.

AVIDA FINANS AB						
MSEK						
Capital adequacy	Q4 2020		2019-12-31		Q3 2020	
Risk exposure amount	9 366.8		7 928.5		9 203.0	
Total own funds requirements	1 161.4	12.40%	1 069.4	13.49%	1 091.9	11.86%
<b>Total own funds</b>	<b>1 662.2</b>	<b>17.75%</b>	<b>1 325.9</b>	<b>16.72%</b>	<b>1 583.8</b>	<b>17.21%</b>
Own funds requirements	Q4 2020		2019-12-31		Q3 2020	
Own funds requirements (Pillar 1)	749.4	8.00%	634.3	8.00%	736.2	8.00%
Own funds requirements (Pillar 2)	165.0	1.76%	94.7	1.19%	113.5	1.23%
Combined buffer requirement	247.0	2.64%	340.4	4.29%	242.2	2.63%
<b>Total own funds requirements</b>	<b>1 161.4</b>	<b>12.40%</b>	<b>1 069.4</b>	<b>13.49%</b>	<b>1 091.9</b>	<b>11.86%</b>

## 12 CAPITAL ADEQUACY, CONTINUED.

AVIDA FINANS AB						
MSEK						
CAPITAL SITUATION	Q4 2020		2019-12-31		Q3 2020	
Common Equity Tier 1 capital	1 220.3	13.03%	883.0	11.14%	1 141.6	12.40%
Additional Tier 1 capital	195.3	2.09%	194.0	2.45%	195.0	2.12%
Tier 2 capital	246.6	2.63%	248.9	3.14%	247.2	2.69%
<b>Own funds</b>	<b>1 662.2</b>	<b>17.75%</b>	<b>1 325.9</b>	<b>16.72%</b>	<b>1 583.8</b>	<b>17.21%</b>

  

	Q4 2020		2019-12-31		Q3 2020	
	REA	Capital requirements	REA	Capital requirements	REA	Capital requirements
Risk exposure amount (REA) and capital base	9 366.8	749.4	7 928.5	634.3	9 203.0	736.2
of which: own funds requirements for credit risk	8 257.6	660.6	6 893.4	551.5	8 389.1	671.1
of which: own funds requirements for market risk	59.7	4.8	245.5	19.6	24.3	1.9
of which: own funds requirements for operational risk	1 049.5	84.0	789.6	63.2	789.6	63.2
Transitional adjustment	-	-	-	-	-	-

  

Common equity Tier 1 capital / Common equity Tier 1 capital ratio	1 220.3	13.03%	883.0	11.14%	1 141.6	12.40%
Tier 1 capital / Tier 1 capital ratio	1 415.6	15.11%	1 077.0	13.58%	1 336.6	14.52%
Total own funds / Total own funds ratio	1 662.2	17.75%	1 325.9	16.72%	1 583.8	17.21%
Total equity Tier 1 capital requirements including buffer requirements	668.5	7.14%	697.2	8.79%	658.0	7.15%
of which: Capital conservation buffer	234.2	2.50%	198.2	2.50%	230.1	2.50%
of which: Countercyclical buffer	12.8	0.14%	142.2	1.79%	13.8	0.15%
Common equity Tier 1 capital available to use as a buffer	798.8	8.53%	526.2	6.64%	727.5	7.90%

  

OWN FUNDS	Q4 2020	2019-12-31	Q3 2020
<b>Common Equity Tier 1 capital</b>			
Capital Instruments and the related share premium accounts	934.4	69.9	69.9
Other contributed capital	-	612.4	882.3
Retained earnings and reserves	186.1	168.1	155.8
Regulatory adjustments:			
- Intangible assets	6.6	42.1	40.1
- Net profit due to capitalization of future income	-	-	-
- Adjustments relating to unrealized gains	-	-	-
- Deferred tax assets	1.0	-	-
- Other	-	-	-
Reversal transitional rules to IFRS 9	107.4	74.7	73.7
<b>Total Common Equity Tier 1 capital</b>	<b>1 220.3</b>	<b>883.0</b>	<b>1 141.6</b>

  

<b>Additional Tier 1 capital</b>			
Perpetual subordinated loans	195.3	194.0	193.6
Deduction from primary and supplementary capital (half of this)	-	-	-
<b>Total other Tier 1 capital</b>	<b>195.3</b>	<b>194.0</b>	<b>193.6</b>

  

<b>Tier 2 capital</b>			
Time-bound subordinated loans	246.6	248.9	249.4
Deduction according to limitation rule	-	-	-
Total supplementary capital	246.6	248.9	249.4
<b>Total own funds</b>	<b>1 662.2</b>	<b>1 325.9</b>	<b>1 236.5</b>

## 12 CAPITAL ADEQUACY, CONTINUED.

AVIDA FINANS AB						
MSEK						
	Q4 2020		2019-12-31		Q3 2020	
Specification risk exposure amount (REA) and Capital requirements	REA	Capital requirements	REA	Capital requirements	REA	Capital requirements
<b>Credit risk according to the standardised approach</b>						
Exposures to central banks and local authorities	5.7	0.5	5.6	0.4	5.6	0.4
Institute exposures	215.3	17.2	359.8	28.8	279.7	22.4
Corporate exposures	1 620.7	129.7	1 144.7	91.6	1 734.8	138.8
Retail exposures	5 709.7	456.8	4 973.4	397.9	5 770.3	461.6
Exposures secured by immovable property	31.9	2.6	38.0	3.0	36.0	2.9
Exposures in default	599.8	48.0	338.3	27.1	511.4	40.9
Equity exposures	2.0	0.2	-	-	-	-
Other items	72.6	5.8	33.6	2.7	51.2	4.1
<b>Total risk exposure amount and capital requirements</b>	<b>8 257.7</b>	<b>660.6</b>	<b>6 893.4</b>	<b>551.5</b>	<b>8 389.0</b>	<b>671.1</b>
<b>Market risk</b>						
Foreign exchange rate risk	59.7	4.8	245.5	19.6	24.3	1.9
<b>Total risk exposure amount and capital requirements</b>	<b>59.7</b>	<b>4.8</b>	<b>245.5</b>	<b>19.6</b>	<b>24.3</b>	<b>1.9</b>
<b>Operational risk</b>						
Basic indicator approach	1 049.5	84.0	789.6	63.2	789.6	63.2
<b>Total risk exposure amount and capital requirements</b>	<b>1 049.5</b>	<b>84.0</b>	<b>789.6</b>	<b>63.2</b>	<b>789.6</b>	<b>63.2</b>
<b>Total risk exposure amount and capital requirements</b>	<b>9 366.9</b>	<b>749.4</b>	<b>7 928.5</b>	<b>634.3</b>	<b>9 202.9</b>	<b>736.2</b>
<b>ADDITIONAL CAPITAL REQUIREMENTS PILLAR 2</b>						
Credit concentration risk	82.1		74.1		84.0	
Interest rate risk in banking book	44.8		15.7		22.3	
Other additional capital requirements	38.1		4.9		7.2	
<b>Total additional capital requirements Pillar 2</b>	<b>165.0</b>		<b>94.7</b>		<b>113.5</b>	
<b>LEVERAGE SOLVENCY</b>						
Exposure measures for calculation of leverage ratio	12 168.8		10 782.7		12 595.7	
Tier 1 capital	1 415.6		1 077.0		1 336.6	
<b>Leverage ratio, %</b>	<b>11.63%</b>		<b>9.99%</b>		<b>10.61%</b>	
<b>TOTAL OWN FUNDS REQUIREMENT (INCLUDING PILLAR 2)</b>						
Common Equity Tier 1 capital requirements	761.4	8.13%	750.5	9.47%	720.2	7.83%
Tier 1 capital requirements	932.8	9.96%	887.2	11.19%	879.5	9.56%
<b>Total own funds requirements</b>	<b>1 161.4</b>	<b>12.40%</b>	<b>1 069.4</b>	<b>13.49%</b>	<b>1 091.9</b>	<b>11.86%</b>

## 12 CAPITAL ADEQUACY, CONTINUED.

AVIDA CONSOLIDATED SITUATION						
MSEK						
Capital adequacy	Q4 2020		2019-12-31		Q3 2020	
Risk exposure amount	9 394,7		7 963.5		9 224.6	
Total own funds requirements	1 164,3	12,39%	1 074.3	13,49%	1 095.8	11,88%
<b>Total own funds</b>	<b>1 668,6</b>	<b>17,76%</b>	<b>1 346.9</b>	<b>16,91%</b>	<b>1 604.6</b>	<b>17,39%</b>
Own funds requirements	Q4 2020		2019-12-31		Q3 2020	
Own funds requirements (Pillar 1)	751.6	8.00%	637.1	8.00%	737.9	8.00%
Own funds requirements (Pillar 2)	164.9	1.76%	95.1	1.19%	113.5	1.23%
Combined buffer requirement	247.8	2.64%	342.1	4.30%	244.4	2.65%
<b>Total own funds requirements</b>	<b>1 164.3</b>	<b>12,39%</b>	<b>1 074.3</b>	<b>13,49%</b>	<b>1 095.8</b>	<b>11,88%</b>
Capital situation	Q4 2020		2019-12-31		Q3 2020	
Common Equity Tier 1	1 226.7	13,06%	907.0	11,39%	1 163.1	12,61%
Additional Tier 1 capital	195.3	2,08%	194.0	2,44%	195.0	2,11%
Tier 2 capital	246.6	2,62%	245.9	3,09%	246.5	2,67%
<b>Own funds</b>	<b>1 668.6</b>	<b>17,76%</b>	<b>1 346.9</b>	<b>16,91%</b>	<b>1 604.6</b>	<b>17,39%</b>
	Q4 2020		2019-12-31		Q3 2020	
	REA	Capital requirements	REA	Capital requirements	REA	Capital requirements
Risk exposure amount (REA) and capital base requirements	9 394.7	751.6	7 963.5	637.1	9 224.6	737.9
of which: own funds requirements for credit risk	8 261.4	660.9	6 914.5	553.2	8 394.2	671.5
of which: own funds requirements for market risk	59.7	4.8	243.0	19.4	24.3	1.9
of which: own funds requirements for operational risk	1 073.6	85.9	806.0	64.5	806.0	64.5
Transitional adjustment	-	-	-	-	-	-
Common equity Tier 1 capital / Common equity Tier 1 capital ratio	1 226.7	13,06%	907.0	11,39%	1 163.1	12,61%
Tier 1 capital / Tier 1 capital ratio	1 422.0	15,14%	1 101.0	13,83%	1 358.1	14,72%
Total own funds / Total own funds ratio	1 668.6	17,76%	1 346.9	16,91%	1 604.6	17,39%
Total equity Tier 1 capital requirements including buffer requirements	670.5	7,14%	700.4	8,80%	659.5	7,15%
of which: Capital conservation buffer	234.9	2,50%	199.1	2,50%	230.6	2,50%
of which: Countercyclical buffer	12.9	0,14%	143.0	1,80%	13.8	0,15%
Common equity Tier 1 capital available to use as a buffer	803.9	8,56%	548.6	6,89%	748.0	8,11%

## 12 CAPITAL ADEQUACY, CONTINUED.

AVIDA CONSOLIDATED SITUATION			
MSEK			
OWN FUNDS	Q4 2020	2019-12-31	Q3 2020
<b>Common Equity Tier 1 capital</b>			
Capital instruments and the related share premium accounts	936.1	658.9	930.4
Other contributed capital	-	0.0	0.0
Retained earnings and reserves	191.0	216.1	199.4
Regulatory adjustments:			
- Intangible assets	6.8	42.7	40.4
- Net profit due to capitalization of future income	-	-	-
- Adjustments relating to unrealized gains	-	-	-
- Deferred tax assets	1.0	-	-
- Other	-	0.0	0.0
Reversal transitional rules to IFRS 9	107.4	74.7	73.7
<b>Total Common Equity Tier 1 capital</b>	<b>1 226.7</b>	<b>907.0</b>	<b>1 163.1</b>
<b>Additional Tier 1 capital</b>			
Perpetual subordinated loans	195.3	194.0	195.0
Deduction from primary and supplementary capital (half of this)	-	-	-
<b>Total other Tier 1 capital</b>	<b>195.3</b>	<b>194.0</b>	<b>195.0</b>
<b>Tier 2 capital</b>			
Time-bound subordinated loans	246.6	245.9	246.5
Deduction according to limitation rule	-	-	-
Total supplementary capital	246.6	245.9	246.5
<b>Total own funds</b>	<b>1 668.6</b>	<b>1 346.9</b>	<b>1 604.6</b>

## 12 CAPITAL ADEQUACY, CONTINUED.

AVIDA CONSOLIDATED SITUATION						
MSEK						
	Q4 2020		2019-12-31		Q3 2020	
Specification risk exposure amount (REA) and Capital requirements	REA	Capital requirements	REA	Capital requirements	REA	Capital requirements
<b>Credit risk according to the standardized approach</b>						
Exposures to central banks and local authorities	5.7	0,5	5.6	0.4	5.5	0.4
Institute exposures	219.9	17,6	360.8	28.9	284.9	22.8
Corporate exposures	1 620.7	129,7	1 144.7	91.6	1 734.8	138.8
Retail exposures	5 700.2	456,0	4 983.2	398.7	5 757.8	460.6
Exposures secured by immovable property	31.9	2,6	38.0	3.0	36.0	2.9
Defaulted exposures	599.8	48,0	338.3	27.1	511.4	40.9
Other items	83.2	6,7	44.0	3.5	63.7	5.1
<b>Total risk exposure amount and capital requirements</b>	<b>8 261.4</b>	<b>660,9</b>	<b>6 914.6</b>	<b>553.2</b>	<b>8 394.2</b>	<b>671.5</b>
<b>Market risk</b>						
Foreign exchange rate risk	59.7	4,8	243.0	19.4	24.3	1.9
<b>Total risk exposure amount and capital requirements</b>	<b>59.7</b>	<b>4,8</b>	<b>243.0</b>	<b>19.4</b>	<b>24.3</b>	<b>1.9</b>
<b>Operational risk</b>						
Basic indicator approach	1 073.6	85,9	806.0	64.5	806.0	64.5
<b>Total risk exposure amount and capital requirements</b>	<b>1 073.6</b>	<b>85,9</b>	<b>806.0</b>	<b>64.5</b>	<b>806.0</b>	<b>64.0</b>
<b>Total risk exposure amount and capital requirements</b>	<b>9 394.7</b>	<b>751,6</b>	<b>7 963.6</b>	<b>637.1</b>	<b>9 224.5</b>	<b>738.0</b>
<b>ADDITIONAL CAPITAL REQUIREMENTS PILLAR 2</b>						
Credit concentration risk	82.0		74.5		84.0	
Interest rate risk in banking book	44.8		15.7		22.3	
Other additional capital requirements	38.1		4.9		7.2	
<b>Total additional capital requirements Pillar 2</b>	<b>164.9</b>		<b>95.1</b>		<b>113.5</b>	
<b>LEVERAGE SOLVENCY</b>						
Exposure measures for calculation of leverage ratio	12 106.5		10 780.6		12 536.8	
Tier 1 capital	1 422.0		1 101.0		1 358.1	
<b>Leverage ratio, %</b>	<b>11.75%</b>		<b>10.21%</b>		<b>10.83%</b>	
<b>TOTAL OWN FUNDS REQUIREMENT (INCLUDING PILLAR 2)</b>						
Common Equity Tier 1 capital requirements	763.3	8.13%	754.0	9.47%	723.3	7.84%
Tier 1 capital requirements	935.2	9.95%	891.3	11.19%	883.0	9.57%
<b>Total own funds</b>	<b>1 164.3</b>	<b>12.39%</b>	<b>1 074.3</b>	<b>13.49%</b>	<b>1 095.8</b>	<b>11.88%</b>

## 13 RELATED PARTY TRANSACTIONS

Avida Finans AB (publ), corporate identity number 556230-9004 (situated in Sweden), owns 100% of Avida Inkasso AS's shares. Avida Finans AB (publ) is also the parent company in the group for which consolidated accounts are prepared.

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

### (A) SALES OF GOODS AND SERVICES

Avida Finans AB has during the quarter sold services to the sister company Avida Inkasso AS (org.Nr 913778367) to an amount of SEK 0.8m (0.7).

### (B) PURCHASE OF GOODS AND SERVICES

Avida Finans AB has during the quarter sold services to the sister company Avida Inkasso AS (org.Nr 913778367) to an amount of SEK 1.0m (0.1).

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

As of the balance sheet date, Avida Finans AB has a net debt of SEK 0.1m (0.0) to the sister company Avida Inkasso AS.

## 14 SIGNIFICANT SUBSEQUENT EVENTS

No significant subsequents have occurred between the balance sheet date and the date of publication of this report.



# Definitions

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

### RETURN ON EQUITY

Net profit divided with average adjusted equity

CALCULATION  $(-23.3 / 1\,220.4 * 100)$

### C/I -RELATION

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

CALCULATION  $(87.3 / 193.2)$

### CAPITAL BASE

The sum of Tier 1 capital and supplementary capital minus deductions under the Capital Adequacy Regulation (EU)

No 575/2013 Article 36

### COMMON EQUITY TIER 1 CAPITAL RATIO

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

CALCULATION:  $(1\,226.7 / 9\,394.7 * 100)$

### LIQUIDITY COVERAGE RATIO LCR

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

CALCULATION:  $(614.3 / 276.3)$

### PRIMARY CAPITAL RATIO

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

CALCULATION  $(1\,422.0 / 9\,394.7 * 100)$

### PROVISION RATIO

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

CALCULATION  $(650.8 / 10\,629.9 * 100)$

### RISK EXPOSURE AMOUNT

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

### NET INTEREST MARGIN

Interest income minus interest expenses.

CALCULATION  $(237.1 - 45.9)$

### SOLIDITY

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

CALCULATION:  $(1\,322.6 / 11\,848.8 * 100)$

### TOTAL CAPITAL RATIO

The capital base divided by the total risk-weighted exposure amount

CALCULATION  $(1\,662.2 / 9\,394.7 * 100)$

### TOTAL COMPREHENSIVE INCOME

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  $(-26.9 / 193.2 * 100)$

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

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

# Board of directors and CEO declaration

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

**Stockholm on 19th of February 2021**

Varun Khaana, Chairman of the Board

Celina Midelfart

Daniel Knottenbelt

Tord Topsholm, CEO

Geir Olsen

John Howard

# Publication of financial information

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

## FINANCIAL CALENDER 2021

21 MAY

26 AUGUST

25 NOVEMBER

24 FEBRUARY 2022

INTERIM REPORT JANUARY- MARCH

INTERIM REPORT JANUARY- JUNE

INTERIM REPORT JANUARY- SEPTEMBER

YEAR-END REPORT 2021

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

**AIDA**

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