

CREDIT OPINION

27 December 2023

Update



RATINGS

VOLVOFINANS BANK AB

Domicile	Gothenburg, Sweden
Long Term CRR	A2
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Not Assigned
Long Term Deposit	A3
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Niclas Boheman +46.8.5179.1281
 VP-Sr Credit Officer
 niclas.boheman@moodys.com

Jonathan Stenbaek
 Ratings Associate
 jonathan.stenbaek@moodys.com

Simon James Robin +44 207 772 5347
 Ainsworth
 Associate Managing Director
 simon.ainsworth@moodys.com

Carola Schuler +49.69.70730.766
 MD-Banking
 carola.schuler@moodys.com

CLIENT SERVICES

Americas 1-212-553-1653
 Asia Pacific 852-3551-3077

Volvofinans Bank AB

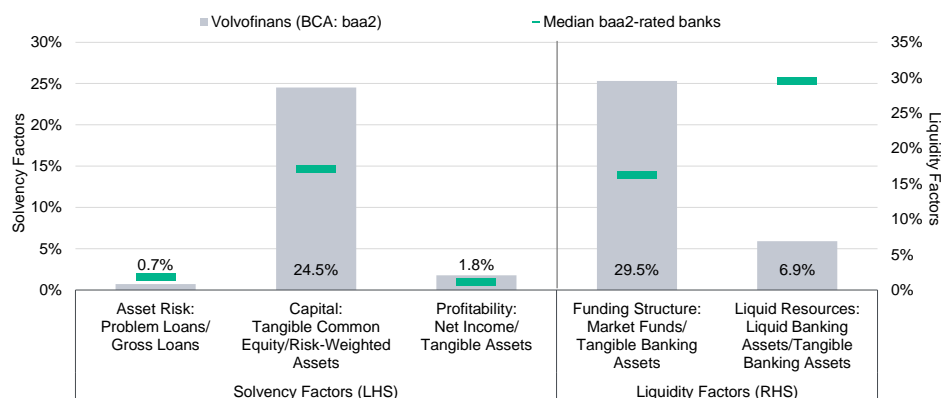
Update to credit analysis following affirmation of ratings

Summary

[Volvofinans Bank AB's](#) (Volvofinans) A3 long-term deposit ratings reflect the bank's baa2 Baseline Credit Assessment (BCA) and the results of our Advanced Loss Given Failure (LGF) analysis, which factors in the severity of loss faced by the different liability classes in resolution, leading to two notches of uplift to its deposit ratings. Volvofinans' short-term deposit rating is Prime-2, and its long-term and short-term Counterparty Risk (CR) Assessments are positioned at A2(cr)/Prime-1(cr).

Volvofinans' baa2 BCA reflects its strong solvency, including its consistently strong asset quality, very strong capitalisation, and stable recurring profitability. This is balanced against a reliance on market funding and tightly managed liquidity.

Exhibit 1
 Rating Scorecard - Key financial ratios



These represent our [Banks](#) methodology scorecard ratios, whereby asset risk and profitability reflect the weaker of either the latest reported or the average of the last three year-end and latest reported ratios. Capital is the latest reported figure. Funding structure and liquid resources ratios reflect the latest year-end figures.

Source: Moody's Investors Service

Credit strengths

- » An established market presence in Sweden, financing a number of auto brands
- » Stable asset quality and a low level of loan losses, supported by a recourse agreement with Volvo dealers
- » High regulatory capital ratios and stable recurring profitability

Credit challenges

- » Highly concentrated loan book in the automotive sector and interlinkages with lower rated Volvo Car AB
- » High reliance on market funding
- » Tightly managed liquidity without permanent access to central bank liquidity

Outlook

The stable outlook on Volvofinans' long-term deposit ratings reflects our expectation that Volvofinans will continue to perform well over the next 12 to 18 months.

Factors that could lead to an upgrade

Volvofinans Bank's ratings could be upgraded due to an upgrade in the BCA. The BCA could be upgraded if liquidity buffers increased together with permanent central bank liquidity access, and a move to become a more brand agnostic lender within the automotive sector, lowering the dependency on Volvo Cars, owning 50% of the bank.

Factors that could lead to a downgrade

The ratings could be downgraded if: i) its recurring profitability and asset quality significantly deteriorate; ii) the bank is constrained by a lack of access to market funding resulting in pressure on liquidity; iii) or a substantial reduction in its volume of deposits compared with its tangible banking assets, resulting in higher loss severity for deposits in the event of the bank's failure.

Furthermore, notwithstanding the fact that Volvofinans is more effectively ring-fenced from its industrial parent than certain peers, a downgrade of Volvo Car AB's ratings could cause a downgrade of Volvofinans' ratings. In particular, if we believe that a deterioration in Volvo's creditworthiness would likely have a spillover effect on the bank's financing volumes, profitability or ability to fund itself in wholesale markets.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

Key indicators

Exhibit 2

Volvofinans Bank AB (Unconsolidated Financials) [1]

	09-23 ²	12-22 ²	12-21 ²	12-20 ²	12-19 ²	CAGR/Avg. ³
Total Assets (SEK Million)	48,840.4	46,920.1	45,112.0	44,142.4	44,036.0	2.8 ⁴
Total Assets (USD Million)	4,495.5	4,503.1	4,986.4	5,375.0	4,704.2	(1.2) ⁴
Tangible Common Equity (SEK Million)	6,279.2	5,778.7	5,251.9	4,608.6	4,167.8	11.5 ⁴
Tangible Common Equity (USD Million)	578.0	554.6	580.5	561.2	445.2	7.2 ⁴
Problem Loans / Gross Loans (%)	0.7	0.2	0.5	0.6	0.2	0.4 ⁵
Tangible Common Equity / Risk Weighted Assets (%)	24.5	23.8	23.7	21.6	20.2	22.8 ⁶
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	4.6	1.5	3.3	5.0	1.8	3.2 ⁵
Net Interest Margin (%)	2.5	1.9	1.6	1.6	1.4	1.8 ⁵
PPI / Average RWA (%)	4.9	3.8	3.2	3.0	2.5	3.5 ⁶
Net Income / Tangible Assets (%)	1.8	2.8	1.8	1.0	0.9	1.7 ⁵
Cost / Income Ratio (%)	33.9	39.3	41.4	44.8	52.9	42.4 ⁵
Market Funds / Tangible Banking Assets (%)	28.9	29.5	31.5	30.4	33.4	30.7 ⁵
Liquid Banking Assets / Tangible Banking Assets (%)	9.7	6.9	8.5	8.6	6.2	8.0 ⁵
Gross Loans / Due to Customers (%)	169.1	173.1	177.5	169.0	178.9	173.5 ⁵

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Investors Service and company filings

Profile

Volvofinans Bank AB (Volvofinans), established in 1959, offers financial services to private and corporate customers who purchase or lease vehicles, mainly through the Volvo dealers in Sweden. In addition to car and truck financing (55% and 14% of lending, respectively, as of end-September 2023), the bank provides fleet financing solutions (26%) and credit card services (5%). The bank's automotive-oriented franchise is underpinned by its widely recognised brand name and a leading market share in the car financing segment in Sweden. In the beginning of 2024, Volvofinans Bank AB plans to change its name to Ziklo Bank AB.

Recent developments

In recent years, Volvofinans Bank has expanded its offerings by collaborating with more partners and brands within the automotive and mobility industry.

To allow for a more brand agnostic approach, the bank is planning to change its name to Ziklo Bank while retaining Volvofinans as product name and brand for the continued expansion together with Volvo. The payment service CarPay also retains its name. In connection, the corporate offering for financing and administration of company cars, today known as CarPay Fleet, will be included under the new Ziklo brand.

Moody's global automotive manufacturing sector outlook remains [negative](#), with increasing competition and weakening consumer affordability to weigh on automakers' profit margins over the next 12-18 months. Volumes are up, but still not back at peak. Our global light vehicle sales forecast remains largely unchanged for 2023, at 85.7 million units (+5.7% vs. 2022). Our new forecast for 2024 is 88.9 million (+3.8%), and we continue to expect the recovery to prepandemic levels will take until at least 2025, given the challenging global macroeconomic environment.

We expect that the recovery of new vehicles sales will continue, but at a lower pace. Aforementioned downside risks may lead to lower sales going forward. Higher energy prices weigh on consumer sentiment and is a serious risk for the automotive sector, although higher energy costs may to some extent be offset by government measures to protect consumers' purchasing power, such as energy tax reductions¹. After the initial drop in new car registrations in Sweden during the second quarter in 2020, sales normalised since July 2021, but have since dropped even lower in 2022. Furthermore, [Mobility Sweden](#) expects that 60% of new car registrations will be plug-in automobiles; of which 35% electric vehicles.

Detailed credit considerations

Established market presence and franchise in Sweden

Volvofinans' business model is built on its relationship with Volvo dealers, which act as a distribution network for the bank. The Swedish network of Volvo dealers comprised 58 dealerships and 238 sales outlets in 2021. Despite the association with the Volvo name and brand, the bank generates a significant proportion of its earnings from the sale of non-Volvo cars. In 2022, the number of new Volvo car registrations in Sweden decreased by 4.8% to 45,899 from 48,220 new car registrations in the year-earlier period. However, because the overall market shrunk during 2022, the market share increased to 16.7% from 15.2% during the same period. During the first eleven months of 2023, the share of new Volvo cars dropped to 13.5% but remains the most sold brand.

Volvofinans is 50:50 jointly owned by the Swedish Volvo dealers (through their holding company AB Volverkinvest) and the car manufacturer Volvo Personvagnar AB, following the sale of Sixth AP Fund's shares back to Volvo in August 2016. Because of the joint ownership structure by Volvo and Volvo dealers, and the dealers' operations with other automotive manufacturers, Volvofinans benefits from a degree of strategic, operational and financial independence, which makes its credit profile less correlated with its automotive-manufacturer parent than is typically observed with captive automotive financing banks. Therefore, Volvofinans' BCA of baa2 is positioned two notches above Volvo's Ba1 CFR, where auto captives BCAs are typically constrained to one notch above its parent's ratings.

We view potential long-term challenges to Volvofinans business model where customers could seek to purchase vehicles via online sales channels versus through the Volvo dealers. This could lead to an increased focus on the used car market for Volvofinans, however, we do note that Volvofinans's services are used to finance online sales by the electric carmaker Polestar Automotive Sweden AB, of which Volvo Cars owns slightly less than 49.5%.²

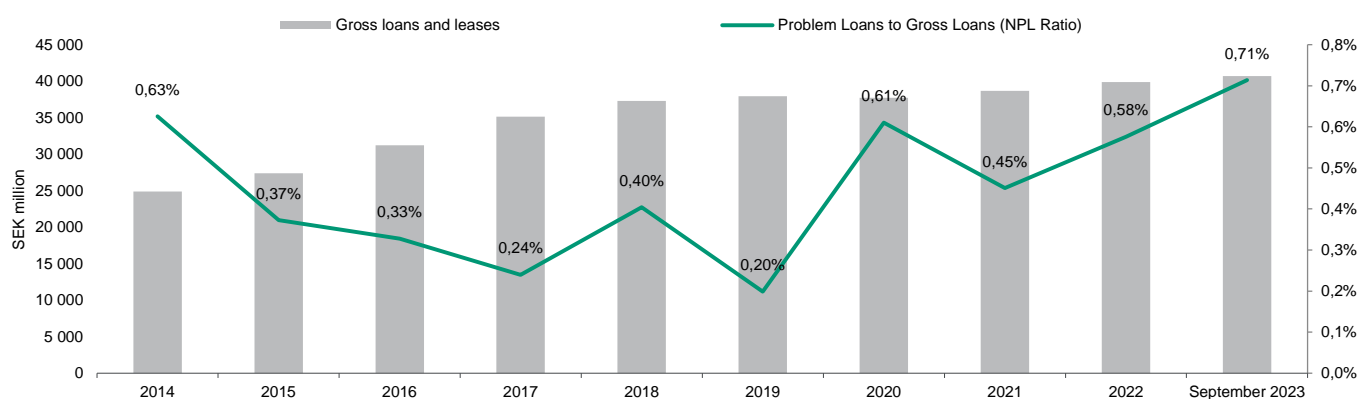
Volvofinans' asset quality is strong

Asset quality remained resilient during the pandemic, with government support shielding borrowers. However, asset quality has weakened slightly in 2023 due to high inflation, fuel and commodity costs and higher interest rates. Nonperforming exposures to total exposures increased slightly to 0.71% as of end of September 2023, up from 0.58% in year-end 2022.

Exhibit 3

Steady loan growth and low levels of NPLS

Gross loans and leases in SEK million (LHS), Problem loans / Gross loans and leases (RHS)



Source: Moody's Investors Service

We expect a low to moderate increase in Volvofinans' problem loans; with the recourse agreements protecting the bulk of the bank's exposures. The bank's loan portfolio is, to a large degree, protected through recourse agreements with the Swedish Volvo dealers, which oblige dealers to cover the loan losses arising from the loans they have originated. In addition, Volvo dealers are obliged to buy back problem loans from the bank.

These recourse agreements benefit around 69% of the bank's lending book (sales finance cars and sales finance trucks) and will help contain loan loss provisions. Consequently, the bank will recognise a loan loss only if the end-customer suspends payments; the

dealership is unable to service the missed customer payments; and the market value of the vehicle is less than the residual value of the loan. As a result of such terms in the recourse agreement, Volvofinans' loan losses are significantly lower than those of its peers and its loan loss charges are very low, equivalent to only 2 basis points of gross outstanding loans as of end of September 2023.

Receivables more than 90 days overdue or defaulted on amounted to SEK 283.7 million on loans and leases of which SEK 279.3 million are protected by the recourse agreements and SEK 6.7 million on credit cards as of end of September 2023.

Given its business model, Volvofinans' concentration in automotive financing is very high compared with the industry concentrations of other Swedish banks and can be sensitive to shifts in residual values. In addition, the bank's distribution network consists of a relatively small number of dealers. Hence, the bank's financial performance is more correlated with the performance of the Swedish automotive industry than that of many other Swedish banks. Although the bank's credit card business adds some diversification, card lending volumes remained low at around 5% of total lending as of the end of September 2023 and they form the bank's main source of loan losses because these loans are not backed by collaterals.

Overall, we consider automotive financing significantly riskier than, for example, residential mortgage lending. To reflect this, our assigned asset risk score of a2 incorporates three negative adjustments.

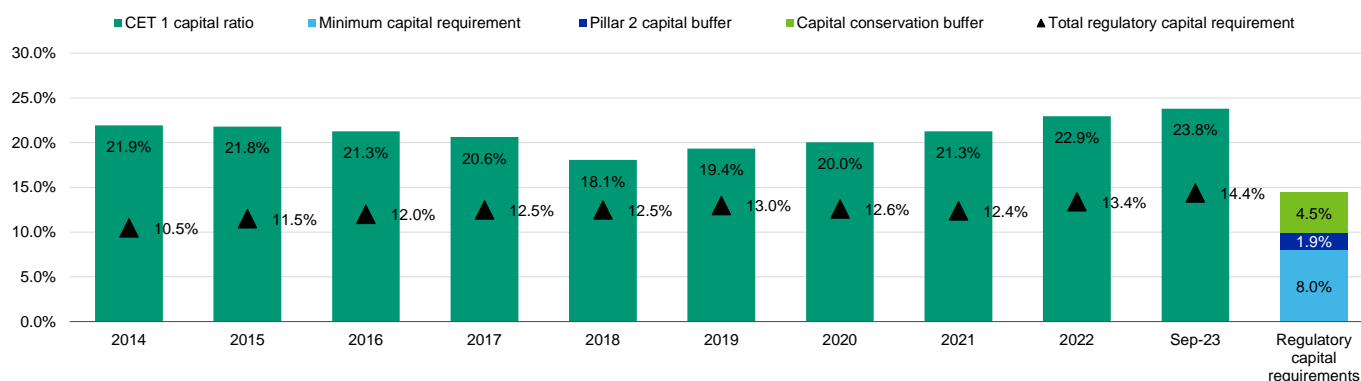
Strong capital position, given the bank's risk profile

As of end-September 2023, Volvofinans reported a 23.8% Common Equity Tier 1 (CET1) capital ratio and a 23.8% total capital ratio (on a fully loaded basis), up from 22.9% and down from 24.6%, respectively, as of year-end 2022. Capital levels remain well above the regulatory requirements of a 10.1% CET1 ratio (including Pillar II) and a 14.4% total capital adequacy ratio (Exhibit 4).

Volvofinans' tangible common equity to risk-weighted assets increased to 24.5% as of end-September 2023, up from 23.8% as of year-end 2022, because of strong internal capital generation. Volvofinans has a strong leverage ratio, with tangible common equity to total assets of 12.9% as of end-September 2023. We expect the bank to pay out 25% of adjusted net income for 2022 of around SEK154 million during 2023 and that the bank will maintain a TCE ratio above 21%.

Exhibit 4

Capitalisation and minimum regulatory capital requirements



Source: Company reports

The bulk of the bank's equity is located in an untaxed reserve on the balance sheet. This balance sheet entry increases as a result of accelerated depreciation, which, in turn, reduces the bank's tax bill. Untaxed reserves essentially consist of profit that has not yet been taxed. To calculate Volvofinans' Moody's-adjusted capital, we deduct taxes from the untaxed reserves and treat the net balance as equity.

Volvofinans is privately owned by the Volvo dealers and Volvo Personvagnar AB, and therefore does not have the same type of access to capital as a publicly traded bank.

The assigned Capital score of aa2 reflects Volvofinans' strong capitalisation, and the more limited access to capital.

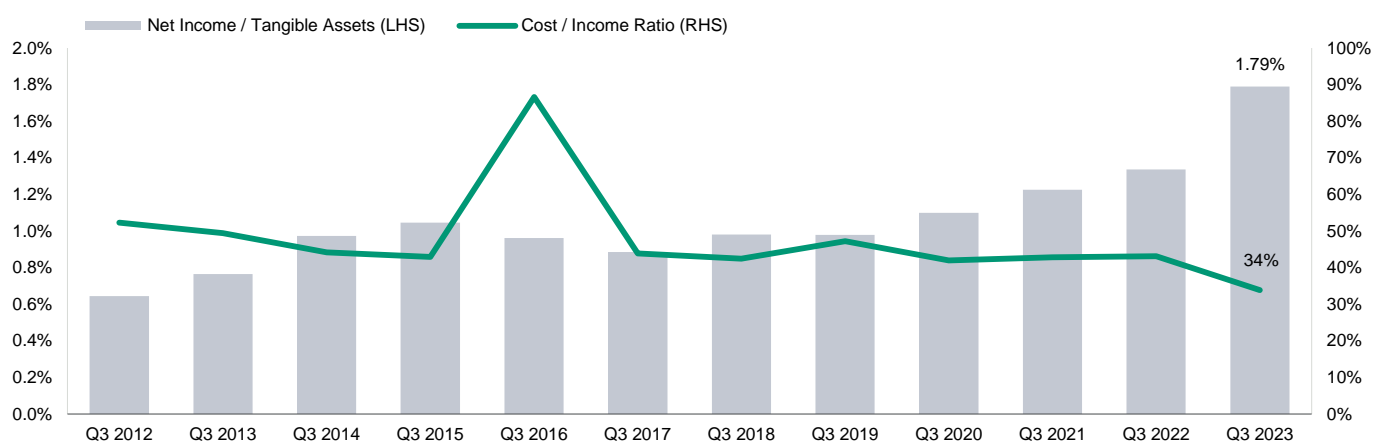
Continued strong profitability as used car sales and higher car prices offset lower new car sales due to supply chain challenges

Volvofinans achieved a very strong profit for Q3 2023, driven by lower borrowing costs and continued high prices for second hand cars. Going forward, we expect second hand car values to fall, as the impact of the economic downturn materializes, which may lead to lower lending volumes.

Moody's adjusted net income was SEK 656 million in Q3 2023, compared to SEK 460 million for the same period 2022. The bank has a track record of stable financial performance, which reflects the leading market presence of Volvo cars in Sweden. The bank's net income as a proportion of tangible assets was exceptionally strong in Q3 2023 at 1.8%, compared to 1.3% in Q3 2022 and 1.2% in Q3 2021 (Exhibit 5). The bank also maintains good level of efficiency, with Moody's adjusted cost-to-income ratio 34% in Q3 2023 (down significantly from 43% in Q3 2022).

Exhibit 5

Volvofinans achieved a record profit in 2022 and profitability remained strong in Q3 2023



Moody's adjusted figures

Source: Moody's Investors Service

Volvofinans' earnings structure benefits from very low credit losses, with its loan loss provisions to pre-provision income being one of the lowest among the Swedish banks that we rate, supported by its loan recourse agreements with Volvo dealers. For 2022, loan loss provisions amounted to SEK 23.1 million, compared to SEK 10.8 million for the same period 2021.

The Profitability score of a2 reflects the bank's improving profitability and good efficiency ratios.

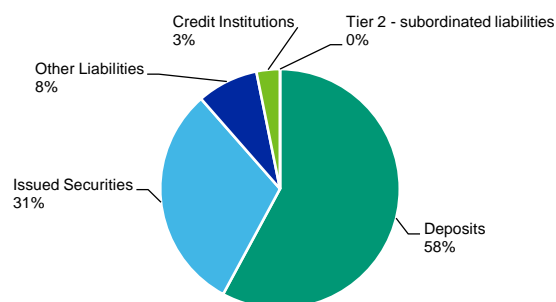
Wholesale funding has been reduced but remains significant

Although the volumes of deposits have increased, Volvofinans remains reliant on wholesale funding. The bank's gross loans/deposits decreased to 169% as of end-September 2023 from 173% as of year-end 2022. The bank's deposit base accounted for 58% of its reported total liabilities (non-equity funding) as of end-September 2023 (see Exhibit 6), which is considerably higher than that of other automotive financing banks. To date, deposits have been a relatively cheap and stable source of funding for the bank. However, the bank does not provide current accounts, which may affect the stickiness of the deposits.

Exhibit 6

Volvofinans remains dependent on wholesale funding

Non-equity funding sources as a percentage of total liabilities (as of 30 September 2023)



Source: Company reports

As a small Swedish bank, Volvofinans has a debt investor base that is more limited than that of larger Swedish banks that issue debt in multiple currencies and geographies and to a diversified investor base. The lack of such a deep and diversified investor pool places Volvofinans at a disadvantage to those banks if markets were to shrink.

The Market Funding score of ba1 reflects the bank's reliance on market funding.

Moody's adjusted Liquid Banking Assets / Tangible Banking Assets (TBA) ratio was a low 6.88% as of year end 2022, and High Quality Liquid Assets (HQLA) and due from financial institutions to TBA was 9.4%, but has increased. As of the end of September 2023, HQLA and due from financial institutions was 12.5% of TBA. Furthermore, Volvofinans could also draw on a total of SEK3.8 billion (compared with around SEK12.8 billion of issued debt under the MTN programme) from credit facilities with well-known institutions. In addition, much of the bank's lending is related to cars and has shorter terms than those of banks that focus on mortgage lending.

Volvofinans Bank had an NSFR ratio of 119%, compared to 118% by year end 2022. The LCR ratio was a strong 265%, up from 210% since year end 2022.

Our assessment on liquidity also takes into account Volvofinans lack of permanent access to central bank liquidity as a monetary policy counterparty, which reduces the available liquidity sources during severe market stress. Their status stands out compared to other Swedish banks where the central bank is the lender of last resort. While the bank does not have the same intraday liquidity needs as banks that offer current accounts, there is still a risk of accelerated deposit outflows and limited access to capital markets during times of high volatility.

The Liquid Assets score of b2 reflects these considerations.

Monoline business model and concentrated exposures to consumer and automotive finance constrain the BCA

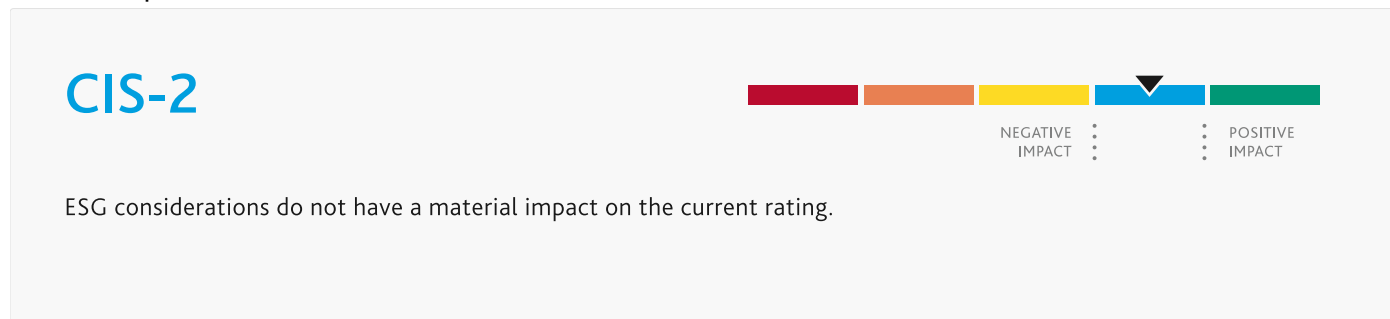
Similar to other automotive financing banks, Volvofinans has sources of income that are dominated by consumer and automotive finance in Sweden, exposing it to the cycles within the automotive industry. The bank's BCA of baa2 is, therefore, one notch below its baa1 Financial Profile because its monoline business model prevents it from having other income streams to fall back on to help absorb any unexpected shocks.

ESG considerations

Volvofinans Bank AB's ESG credit impact score is CIS-2

Exhibit 7

ESG credit impact score



Source: Moody's Investors Service

Volvofinans's **CIS-2** reflects that ESG Considerations have no material impact on the ratings.

Exhibit 8

ESG issuer profile scores



Source: Moody's Investors Service

Environmental

Volvofinans faces high environmental risks as a multi-brand auto lender which is in line with the auto industry's environmental risks. The bank is subject to the same shift in demand characteristics for their product offering in the same way that auto manufacturers are, for which the carbon transition assessment is driven by the exposure of its car production to the shift to electric vehicles. These risks are addressed by Volvofinans's active climate risk management strategy and portfolio management capabilities.

Social

Volvofinans faces high social risks related to regulatory and litigation risks, requiring high compliance standards. These risks are mitigated by the bank's developed policies and procedures. High cyber and personal data risks are mitigated by the bank's strong IT framework.

Governance

Volvofinans faces low governance risks. It has a track record of sound capital management and earnings stability while losses have been low, even at times of market turbulence. The lack of permanent access to central bank liquidity as a monetary policy counterparty increases the bank's liquidity risk compared to other Swedish banks. Volvofinans is 50:50 jointly owned by the Swedish Volvo dealers through Volverkinvest AB and the car manufacturer Volvo Personvagnar AB, leading to moderately negative risks with respect to board structures and policies. Its seven-member board of directors includes three independent directors, two members appointed by Volvo Personvagnar, and two members appointed by the Volvo dealers. The minority of representation by either of the large owners supports board independence and effective oversight. Volvofinans benefits from a degree of strategic, operational and financial independence, which makes its credit profile less correlated with its automotive-manufacturer parent than is typically observed with captive automotive financing banks.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moody's.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Loss Given Failure (LGF) analysis

We apply our Advanced LGF analysis to Volvofinans because the bank is subject to the European Union Bank Recovery and Resolution Directive, which we consider an operational resolution regime. For this analysis, we assume that equity and losses are at 3% and 8%, respectively, of tangible banking assets in a failure scenario. We also assume a 25% runoff of junior wholesale deposits and a 5% runoff in preferred deposits. Moreover, we assign a 25% probability to junior deposits being preferred over senior unsecured debt. These are in line with our standard assumptions. We assume that the share of junior deposits is 10%, in line with our view that retail oriented banks will have a low share of large corporate deposits.

Volvofinans' deposits are likely to face very low LGF because of the loss absorption provided by unsecured debt (if deposits are treated preferentially in a resolution). In addition, the bank has a large deposit base, which means that any losses would be spread over a large base, hence translating into very low losses for the individual depositor. The bank's long-term deposit ratings, consequently, receive a two-notch uplift to A3.

The loss-absorbing features (in the case of failure) of the debt subordinated to senior obligations indicate a one-notch negative adjustment from the Adjusted BCA according to our Advanced LGF analysis, resulting in a Baa3 rating.

Government support

Volvofinans' ratings do not benefit from government support.

Counterparty Risk Ratings (CRRs)

Volvofinans' CRRs are A2/Prime-1

Volvofinans' CRRs are A2/Prime-1, reflecting the high volumes of its subordinated liabilities, indicating a three-notch uplift to its Adjusted BCA.

Counterparty Risk (CR) Assessment

Volvofinans' CR Assessment is A2(cr)/P-1(cr)

Volvofinans' CR Assessment is A2(cr)/P-1(cr), reflecting the high volumes of its subordinated liabilities, indicating a three-notch uplift to its Adjusted BCA.

Methodology and scorecard

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 9

VOLVOFINANS BANK AB

Macro Factors							
Weighted Macro Profile		Strong +	100%				
Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2	
Solvency							
Asset Risk							
Problem Loans / Gross Loans	0,7%	aa2	↔	a2	Sector concentration		
Capital							
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	24,5%	aa1	↔	aa2	Access to capital		
Profitability							
Net Income / Tangible Assets	1,8%	aa3	↔	a2	Expected trend		
Combined Solvency Score		aa2		a1			
Liquidity							
Funding Structure							
Market Funds / Tangible Banking Assets	29,5%	baa2	↔	ba1	Extent of market funding reliance	Deposit quality	
Liquid Resources							
Liquid Banking Assets / Tangible Banking Assets	6,9%	b1	↔	b2	Stock of liquid assets	Additional liquidity resources	
Combined Liquidity Score		ba1		ba3			
Financial Profile				baa1			
Qualitative Adjustments				Adjustment			
Business Diversification				-1			
Opacity and Complexity				0			
Corporate Behavior				0			
Total Qualitative Adjustments				-1			
Sovereign or Affiliate constraint				-			
BCA Scorecard-indicated Outcome - Range				baa1 - baa3			
Assigned BCA				baa2			
Affiliate Support notching				0			
Adjusted BCA				baa2			
Balance Sheet							
		in-scope (SEK Million)	% in-scope	at-failure (SEK Million)	% at-failure		
Other liabilities		10 543	21,6%	12 998	26,6%		
Deposits		24 065	49,3%	21 610	44,3%		
Preferred deposits		17 808	36,5%	16 918	34,7%		
Junior deposits		6 257	12,8%	4 693	9,6%		
Senior unsecured bank debt		12 747	26,1%	12 747	26,1%		
Equity		1 465	3,0%	1 465	3,0%		
Total Tangible Banking Assets		48 820	100,0%	48 820	100,0%		

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	38,7%	38,7%	38,7%	38,7%	3	3	3	3	0	a2
Counterparty Risk Assessment	38,7%	38,7%	38,7%	38,7%	3	3	3	3	0	a2 (cr)
Deposits	38,7%	3,0%	38,7%	29,1%	2	3	2	2	0	a3
Dated subordinated bank debt	3,0%	3,0%	3,0%	3,0%	-1	-1	-1	-1	0	baa3

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Assessment	3	0	a2 (cr)	0	A2(cr)	
Deposits	2	0	a3	0	A3	A3
Dated subordinated bank debt	-1	0	baa3	0	Baa3	

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

Source: Moody's Investors Service

Ratings

Exhibit 10

Category	Moody's Rating
VOLVOFINANS BANK AB	
Outlook	Stable
Counterparty Risk Rating	A2/P-1
Bank Deposits	A3/P-2
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A2(cr)/P-1(cr)
Subordinate -Dom Curr	Baa3

Source: Moody's Investors Service

Endnotes

- On 18 March 2022, Sweden's Ministry of Finance [announced](#) a proposal to temporarily reduce the tax on petrol and diesel. The proposal is proposed to enter into force no earlier than 1 May 2022 until the end of September 2022.
- [Polestar](#) was acquired by the Volvo Car Group in 2015, Investor Presentation March 2022.

© 2023 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved. CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the credit rating process or in preparing its Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from \$1,000 to approximately \$5,000,000. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody's.com under the heading "Investor Relations — Corporate Governance — Charter Documents - Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY100,000 to approximately JPY550,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

REPORT NUMBER 1389701

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454