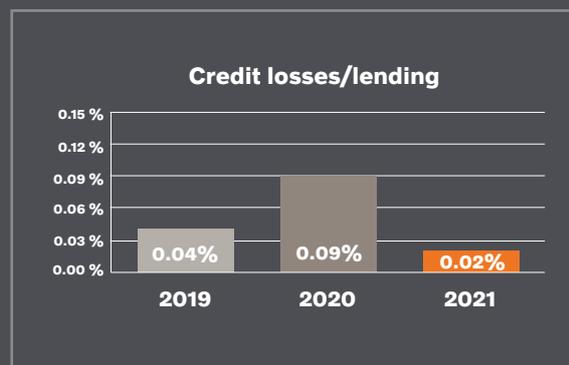
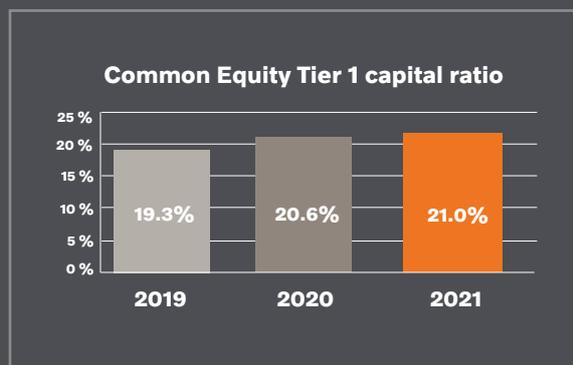
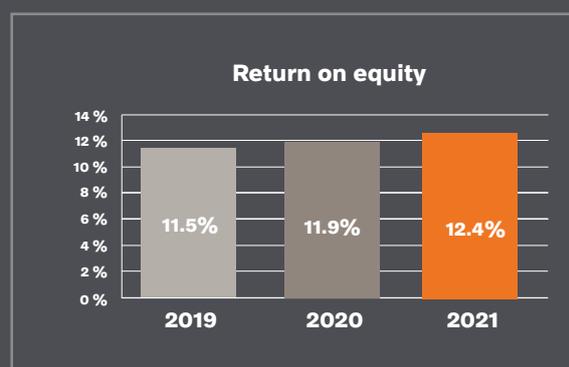
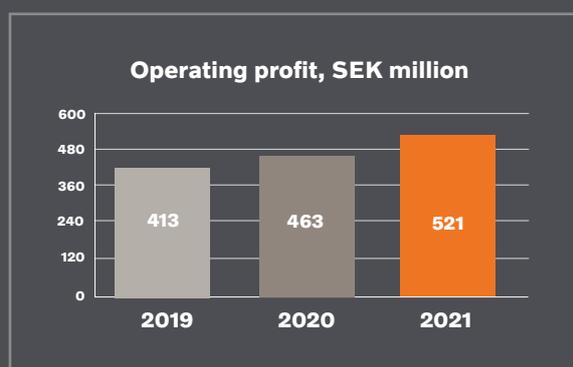
An aerial photograph of a narrow gravel road that winds through a dense, dark green forest. A small, dark-colored car is visible on the road, positioned in the lower-middle section of the frame. The road starts as a light-colored path at the top and becomes a darker gravel surface as it descends. The surrounding forest is thick with evergreen trees, creating a textured, layered appearance. The overall lighting is somewhat dim, suggesting an overcast day or a shaded forest environment.

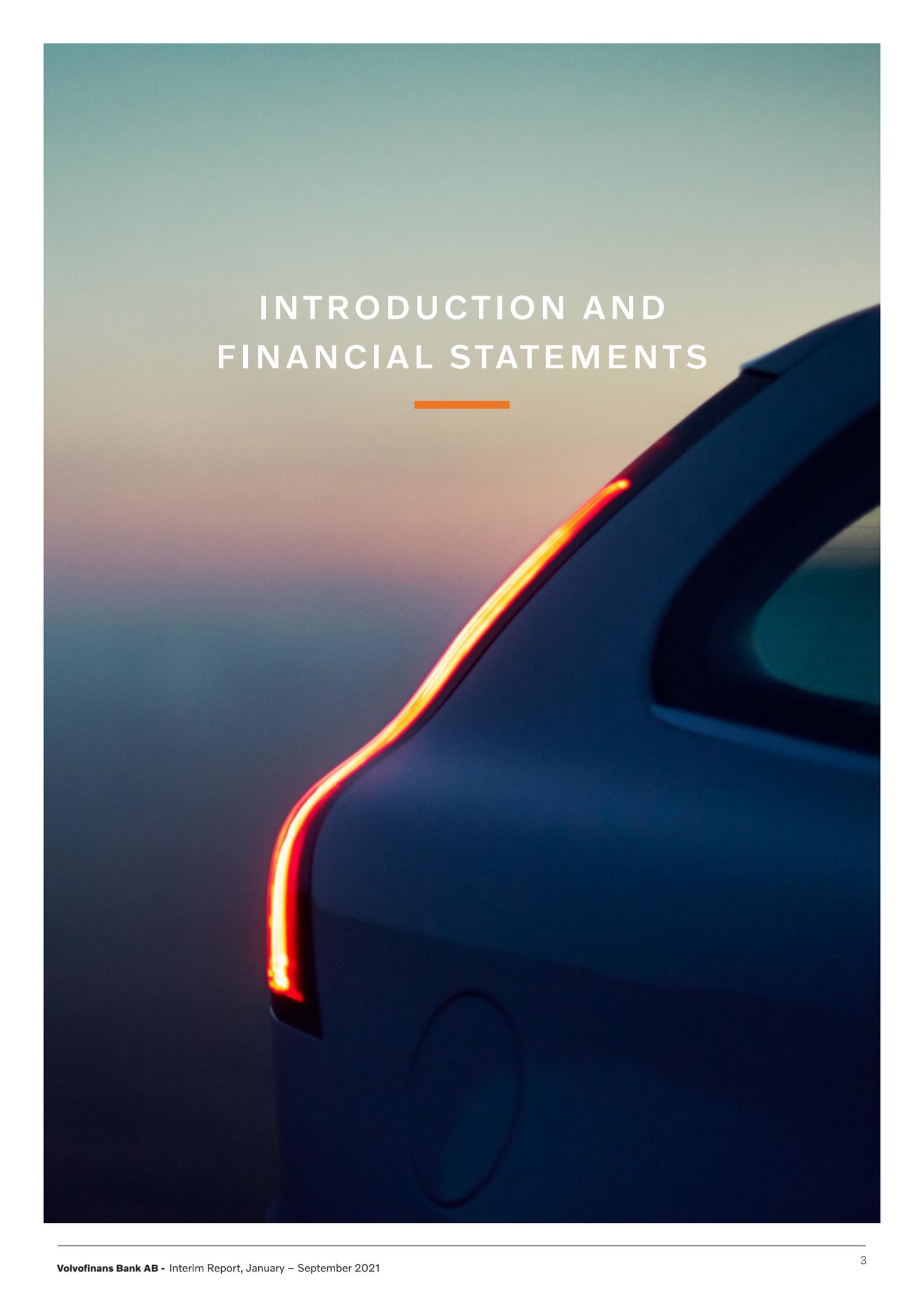
INTERIM REPORT 1 JANUARY – 30 SEPTEMBER
2021

VOLVOFINANS BANK

SUMMARY

JANUARY - SEPTEMBER 2021





INTRODUCTION AND FINANCIAL STATEMENTS

JAN–SEP 2021 IN SUMMARY

Operating profit:
SEK 521 million (463)

Return on equity:
12.4 % (11.9)

Lending as of 30 September:
SEK 38.8 billion (37.3)

Credit losses
SEK 2.5 million (32.4)

Common Equity Tier 1 capital ratio:
21.0 % (20.6)

Cost/Income ratio:
0.43 (0.42)

Volvofinans Bank increased its profit for the period January – September to SEK 521 million. This exceeds the previous year's profit by SEK 58 million, or 13%, and is the best in the bank's 62 year history. As was the case earlier in the year, the improvement is primarily explained by higher disposal revenues in operational leases where the surplus was SEK 81 million higher than during the same period in 2020. Verified credit losses remain at a low level of SEK 11.9 million (13.5) and stands mainly from the credit card business in CarPay. Credit losses totalled SEK 2.5 million after the reversal of previous impairment charges for expected credit losses.

Total lending fell somewhat during the third quarter but as of the 30 September, was SEK 1.5 billion higher year-over-year. The shortage of semiconductors and other input goods in vehicle production has resulted in delivery delays and problems for all auto manufacturers including Volvo, Renault and Polestar. This can be seen in new vehicle registrations and the bank's lending balances, but Bil Sweden's forecast for the full year is now 300,000 delivered passenger cars. The proportion of rechargeable cars among new registrations totalled 54% in September (Jan-Sep 42%), of which 33% (Jan-Sep 16%) of registrations were EVs. The increase in rechargeable vehicles is now primarily with private customers and driven largely by attractive product launches. On the other hand, the anticipated corporate customer slowdown in rechargeable vehicles arose due to changed benefit regulations that came into force on 1 July this year, and the uncertainty around future regulations.

In terms of profit, business area Fleet continued to benefit from high used vehicle prices from vehicle disposals. The successful sales of the past few years has also steadily increased and created profitable volumes for Fleet. The business area's SEK 256 million profit is around SEK 100 million higher than for the 9-month period last year. Cars presented a profit of SEK 240 million, which is a reduction of approx 15% due to lower new car volumes. Trucks, at SEK 24.6 million, maintained position. However, all three business areas continue to do better than planned in terms of volumes and earnings goals for the year.

Volvo Cars concluded its stock exchange listing in the past few days. Our half owner will have a more diverse spread of ownership across the exchange, which is not only very positive for the company, but also for the bank. Based on an already strong ownership duo, we will have an owner who is even more financially strong, and who has access to the stock market. Our Volvo dealers appear to be heading toward another record profit level this year, which means total earnings of around SEK 1.8 billion.

Major changes have taken place in the automotive industry in recent years, and developments will continue to pick up pace. With record earnings behind us, the bank continues to invest heavily in making a difference in tomorrow's mobility market. As a niche business bank, we see great potential in providing bespoke sustainable solutions using a range of flexible tools. These concepts seek to provide our customers and partners with new, smart payment options that reduce the costs, increase their revenues and help them make climate smart choices. Even though the bank's strategies and action plans are developed and revised constantly by our dedicated employees, our principal vision remains crystal-clear. To use CarPay as the concept carrier and assume the position of The Mobility Bank in the banking and automotive industries.



With record earnings behind us, the bank continues to invest heavily in making a difference in tomorrow's mobility market"

Conny Bergström
CEO
Volvofinans Bank AB

Volvofinans Bank AB (publ), Co. Reg. 556069-0967, is obliged to publish this information under the Swedish Securities Market Act (SFS 2007:528). This report was submitted for publication on 05 November 2021.

Financial statements

Ownership/Operations

The company was established in 1959 with 50% owned by the Swedish Volvo dealers through their holding company AB Volverkinvest, and 50% by Volvo Personvagnar AB.

The primary task of Volvofinans Bank is to actively support sales of products marketed by Volvo dealers in the Swedish market by providing product and sales financing with good profitability.

Volvofinans Bank AB is the parent company in a group with dormant subsidiaries. Under chapter 7, section 6a of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, Volvofinans Bank does not prepare consolidated accounts as activities in subsidiaries are negligible.

Trends in volume/lending

Lending volume totalled SEK 38.8 billion compared to 37.3 billion in the previous year. Trucks accounted for SEK 4.3 billion (3.2) of lending, equivalent to 11 % (9) of the total. Fleet accounted for SEK 8.9 billion (8.0) of lending or 23% (21) and Volvo Card for 4% (4) or SEK 1.8 billion (1.6). The remainder – SEK 23.8 billion (24.5) – is attributable to passenger car financing in business area Cars, which corresponds to 61% (66) of lending.

Operating income, operating profit, the number of contracts and lending volumes for Volvofinans Bank's business areas are presented in Note 3.

Trends in profit and financial position

Profit

The bank's profit after credit losses was SEK 521.1 million (462.6), which is SEK 58.5 million or 13 % higher year-over-year. The market for second-hand cars continues to be strong, which is reflected in the bank's gains from the disposal of cars returned from operational leasing contracts. The accumulated surplus on sales of these cars is SEK 80.8 million higher than in the previous year. During the year, the Bank reversed earlier impairments totalling SEK 9.4 million for expected credit losses (ECL) which is attributable to lower forecast unemployment rates in the bank's prospective impairment model. During the corresponding period in 2020 the Bank carried out impairments for expected credit losses totalling SEK 18.8 million in conjunction with the Covid-19 outbreak. So far, the bank has carried out impairments in 2021 totalling SEK 19.5 million (last year 14.2 in reversal) in respect of residual value risk.

Credit risk and credit losses

Because the major part of credit risk is borne by individual Volvo dealers through recourse agreements, the credit risk for Volvofinans Bank is very low.

Defaulted receivables are defined as receivables more than 90 days overdue or defaulted on for other reasons. Volvofinans Bank's defaulted credit card receivables totalled SEK 4.9 million (6.2) and for loans and leasing SEK 205.1 million (285.3), of which SEK 203.1 million (275.9) is covered by recourse. Loans subject to deferral totalled SEK 73.5 million (161.8).

Verified credit losses of SEK 11.9 million (13.5), relate mainly to the credit card business. Expected credit losses are calculated based on a prospective impairment model, where the calculation takes account of macroeconomic data, demographic variables and behavioural variables. During the year, these forecast variables generated dissolutions for expected credit losses of SEK 9.4 million. Thus the provision for expected credit losses totals SEK 29.0 million. Due to the reversal of previous impairments for expected credit losses, total credit losses stand at SEK 2.5 million; see Note 8.

Residual value risk

There is residual value risk in operational leases corresponding to the risk that the present value of the remaining rents plus the present value of the expected residual value is lower than the book value and that the bank thereby sustains a loss. As of 30/09/2021, the bank carried out impairments totalling SEK 99.8 million (42.2) due to the residual value risk, under depreciations, amortisation and impairments of tangible assets. Market prices for used cars in 2020 were very volatile, and this is reflected in the bank's impairment tests of cars used in operational leases. During the first quarter of 2020, the Bank made impairment charges of SEK 12.6 million as a result of lower expected residual values for used cars due to the Covid-19 outbreak. Market prices for used cars have subsequently recovered to historically high levels. The second Covid-19 wave during the autumn of 2020 increased uncertainty in the economy just as the start of vaccination programmes had begun to reduce this to some degree. Because of the prevailing uncertainty, the bank increased impairment of operating lease assets during the fourth quarter and accumulated impairments for the year totalled SEK 23.9 million. During 2021, the bank carried out impairments totalling SEK 19.5 million related to residual value risk, mainly due to the bank's increased residual value positions in operational leases. As of 30/09/2021, the bank's residual value positions for operational lease assets totalled SEK 4.7 billion (3.6).

Funding and liquidity

Deposits in the bank's savings account increased marginally by SEK 63 million during the third quarter reaching a total of SEK 20.1 billion (20.6) at the end of the quarter. Total deposits including the credit balance for the Volvo Card and deposits from Volvo dealerships stood at SEK 22.2 billion (22.4) and accounted for 61 % (62) of the bank's financing.

The bank's MTN programme allows the issue of bonds in the currencies SEK, NOK and EUR; green bonds may also be issued. Under the programme, bonds were issued to a value of SEK 3.0 billion during the year, and own bonds with a nominal value of SEK 0.6 billion were repurchased. Green bonds account for SEK 0.6 billion of the issued volume. No bond financing was conducted during the third quarter. Volvofinans Bank's outstanding financing through its market loan programmes, MTN and commercial paper, totalled a nominal SEK 12.9 billion (12.1), of which green bonds accounted for SEK 2.8 billion.

In addition to market borrowing and deposits, the bank also finances its activities through bank credits, which total SEK 1.1 billion (1.3). The proportion of financing from market loans programmes and the banking sector with remaining terms of more than one year was 75 % (68).

Borrowing with a remaining period of less than one year together with a proportion of deposits, must be covered at all times by the liquidity reserve and unutilised credit facilities. The total liquidity reserve at the end of the quarter was SEK 5.5 billion (5.8). The securities holding accounted for SEK 3.2 billion (59 %) and non-fixed deposits at other banks totalled SEK 2.3 billion (41 %). Volvofinans Bank's liquidity reserve must always be at least 10% in relation to lending volume. As of 30/09/2021, total lending was SEK 38.8 billion, which means the liquidity reserve corresponded to 14% (16). In addition to the liquidity reserve, available and unutilised loan facilities totalled SEK 4.3 billion (4.8).

At the end of the third quarter, Volvofinans Bank's liquidity coverage ratio (LCR) under article 415 of the EU Capital Requirements Regulation (CRR), totalled 217% (208), and the net stable funding ratio (NSFR) was 117% under CRR2.

Capital adequacy

Volvofinans Bank calculates most of the credit risk on the basis of its internal ratings-based approach (IRB), while the remainder is calculated according to the standard method. The Tier 1 ratio amounted to 21.0% (20.6) as of 30/09/2021 and the capital requirement was assessed internally to 12.4% (12.6) calculated on the basis of the methods and models used to calculate capital requirement within the framework of Pillar 1. In addition to this, there are capital requirements for a countercyclical capital buffer and a capital conservation buffer. The capital conservation buffer of 2.5% of REA was SEK 548 million (513). The countercyclical buffer was reduced to 0.0% as of 16/03/2020 for preventive purposes due to Covid-19. The leverage ratio was 10.5% (9.7) as of 30/09/2021.

In June, the Swedish Financial Supervisory Authority approved the counterparty risk netting agreement in derivative contracts as submitted in its application pursuant to Article 296 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

Disclosures are provided in compliance with Swedish Financial Supervisory Authority publication requirements FFFS 2014:12, FFFS 2010:7 and FFFS 2014:21.

Under its review and evaluation process, the Financial Supervisory Authority may decide on a specific capital base requirement and a gross leverage ratio requirement. The bank has not yet received an assessment from the authority regarding specific Pillar 2 guidance.

Other significant information

Significant risks and uncertainty factors

The bank's operations are continually exposed to a number of financial risks.

Liquidity risk is the risk that Volvofinans Bank's payment obligations cannot be met on maturity without significant increased costs in terms of the means of payment or, in the worst-case, cannot be met at all. To manage liquidity stress, Volvofinans Bank not only maintains a liquidity reserve, but also agreed credit facilities that can be utilised at short notice.

Interest rate risk is the current and future risk that net interest income will decline as a result of unfavourable changes in the interest rate. The major part of the bank's lending and all borrowing follows the short-term market interest rate, which entails a limited interest rate risk.

Currency risk is the risk of unfavourable changes in exchange rates. All of Volvofinans Bank's lending is in Swedish kronor. Any borrowing in foreign currency is hedged, which means the bank is not exposed to exchange rate fluctuations.

Covid-19

In 2020/2021, Covid-19 had a global impact in both human and economic terms. Volvofinans Bank's income statement and balance sheet were affected with regard to expected credit losses (ECL). Macro-economic forecast parameters such as unemployment were strong contributing factors to the increase in the Bank's impairment charges for expected credit losses in 2020. The forecast unemployment rate fell in 2021, which led to the bank's reversal of expected credit losses.

Rating

Volvofinans Bank's international credit ratings from Moody's Investors Service are as follows:

- Short-term financing: P-2
- Long-term financing: A3
- Outlook: Stable

There were no changes in the credit rating during the period, but the rating outlook changed from Negative to Stable on 6 April. A detailed, up-to-date analysis from Moody's can be found on our website, under 'About us/Investor relations/Rating'.

Calendar:

| | |
|-----------------|------------------------|
| 4 February 2022 | Year-end report |
| Week 12, 2022 | Annual Report |
| 6 May 2022 | Interim Report Jan-Mar |
| 9 June 2022 | Annual General Meeting |
| 26 August 2022 | Interim Report Jan-Jun |
| 4 November 2022 | Interim Report Jan-Sep |

Certificate

The interim report provides a true and fair view of the bank's operations, position and financial performance, and describes the material risks and uncertainties relating to the bank.

Gothenburg, 5 November 2019.

Conny Bergström
CEO

The report will be available on our website volvofinans.se, under About us/Investor relations/Financial reports.

Should you have any questions, please call CEO Conny Bergström, +46 31-83 88 00.

Review

The report has not been subject to a separate review by the bank's auditors.

In the event of conflict in interpretation or differences between this interim report and the Swedish version, the latter will prevail.

Key ratios

| | 30/09/2021 | 30/09/2020 | 31/12/2020 |
|--|------------|------------|------------|
| Return on equity, % | 12.41 | 11.88 | 10.94 |
| Risk capital / Balance sheet total, % | 13.77 | 13.26 | 13.35 |
| Deposits / Lending, % | 57.29 | 59.95 | 59.20 |
| Profit / Risk-weighted assets, % | 3.17 | 3.00 | 2.66 |
| Total capital ratio, % | 22.84 | 22.57 | 21.91 |
| Common Equity Tier 1 capital ratio, % | 21.02 | 20.62 | 20.04 |
| Cost/Income ratio | 0.43 | 0.42 | 0.48 |
| Cost/Income ratio excl. residual value provision | 0.41 | 0.44 | 0.45 |
| Credit losses / Lending, % | 0.02 | 0.09 | 0.08 |
| Liquidity coverage ratio (LCR), % | 217 | 208 | 237 |
| Net stable funding ratio (NSFR), % | 117 | | |
| Leverage ratio, % | 10.50 | 9.71 | 9.79 |

Definitions for alternative key ratios and key ratios defined in accordance with the Swedish rules on capital adequacy can be found under: <https://www.volvofinans.se/om-oss/investerarrelationer/finansiala-rapporter/definition-av-nyckeltal/>

Income statement, overview

| | Amounts in SEK thousand | | | | | |
|---|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2021 Q3 | 2021 Q2 | 2020 Q3 | 2021 Jan-Sep | 2020 Jan-Sep | 2020 Jan-Dec |
| Interest income | 131,847 | 132,017 | 138,297 | 392,350 | 430,572 | 556,789 |
| Lease income | 1,523,302 | 1,555,861 | 1,464,653 | 4,585,228 | 4,357,031 | 5,835,615 |
| Interest expenses | -70,373 | -71,318 | -85,400 | -212,567 | -257,102 | -327,147 |
| Net interest income, Note 5 | 1,584,776 | 1,616,560 | 1,517,550 | 4,765,011 | 4,530,501 | 6,065,257 |
| Dividend received, Note 6 | - | 13 | 171 | 26 | 227 | 241 |
| Commission income | 124,351 | 140,502 | 120,940 | 391,483 | 335,759 | 456,933 |
| Commission expenses | -26,848 | -10,098 | -28,595 | -50,795 | -50,932 | -76,853 |
| Net result from financial transactions | 434 | 7,734 | 213 | 8,379 | -2,336 | -2,972 |
| Other operating income, Note 7 | 15,443 | 17,500 | 15,827 | 49,406 | 48,047 | 65,030 |
| Total operating income | 1,698,156 | 1,772,211 | 1,626,105 | 5,163,510 | 4,861,266 | 6,507,636 |
| General administration expenses | -100,444 | -123,124 | -95,452 | -340,922 | -332,688 | -448,303 |
| Depreciation and impairment of tangible and intangible non-current assets, Note 5 | -1,416,321 | -1,449,597 | -1,338,781 | -4,261,558 | -4,015,665 | -5,423,123 |
| Other operating expenses | -10,655 | -10,492 | -10,981 | -32,053 | -30,425 | -46,253 |
| Total operating expenses | -1,527,419 | -1,583,212 | -1,445,214 | -4,634,533 | -4,378,778 | -5,917,679 |
| Profit before credit losses | 170,736 | 188,999 | 180,891 | 528,977 | 482,488 | 589,957 |
| Credit losses, net, Note 8 | -2,985 | -1,554 | -928 | -7,805 | -19,767 | -21,651 |
| Impairments/Reversals of financial fixed assets, net, Note 8 | -208 | -6 | 17 | -114 | -127 | -73 |
| Operating profit | 167,543 | 187,439 | 179,979 | 521,058 | 462,594 | 568,233 |
| Appropriations | - | - | - | - | - | -412,589 |
| Tax | -34,514 | -38,612 | -38,516 | -107,338 | -98,995 | -33,986 |
| Profit | 133,029 | 148,827 | 141,464 | 413,720 | 363,599 | 121,658 |

Balance sheet highlights

| | Amounts in SEK thousand | | |
|--|-------------------------|-------------------|-------------------|
| | 30/09/2021 | 30/09/2020 | 31/12/2020 |
| Treasury bills eligible as collateral etc. | 1,669,975 | 1,334,216 | 1,331,203 |
| Lending to credit institutions | 2,261,623 | 2,357,056 | 2,483,630 |
| Lending to the public | 16,749,908 | 16,373,794 | 16,279,476 |
| Bonds and other interest-bearing securities | 1,556,213 | 2,152,388 | 1,825,984 |
| Shares and participations in associates and other companies | 8,971 | 7,925 | 9,761 |
| Shares and participations in Group companies | 6,742 | 6,742 | 6,742 |
| Intangible non-current assets | 17,806 | 19,769 | 20,182 |
| Tangible assets: inventory | 6,760 | 10,519 | 9,547 |
| Tangible assets: lease items | 22,008,672 | 20,958,014 | 21,405,350 |
| Other assets* | 670,839 | 791,806 | 708,016 |
| Prepaid expenses and accrued income | 98,401 | 86,631 | 62,540 |
| Total assets, Note 11 | 45,055,910 | 44,098,860 | 44,142,431 |
| Liabilities to credit institutions | 1,109,524 | 1,271,429 | 1,230,952 |
| Deposits and borrowing from the public | 22,204,834 | 22,386,655 | 22,308,794 |
| Securities issued | 12,908,584 | 12,035,269 | 12,108,909 |
| Other liabilities* | 1,016,144 | 1,025,388 | 1,056,746 |
| Accrued expenses and deferred income | 1,508,996 | 1,443,591 | 1,329,853 |
| Subordinated liabilities | 400,000 | 400,000 | 400,000 |
| Total liabilities, Note 11 | 39,148,082 | 38,562,332 | 38,435,254 |
| Untaxed reserves | 5,039,048 | 4,626,458 | 5,039,048 |
| Equity | 868,780 | 910,070 | 668,129 |
| Total liabilities and equity | 45,055,910 | 44,098,860 | 44,142,431 |
| * Of which derivative instruments with positive and negative market values | | | |
| Derivative instruments with positive market value | 10,501 | 17,906 | 9,933 |
| Derivative instruments with negative market value | -50,450 | -76,987 | -76,404 |

Change in equity

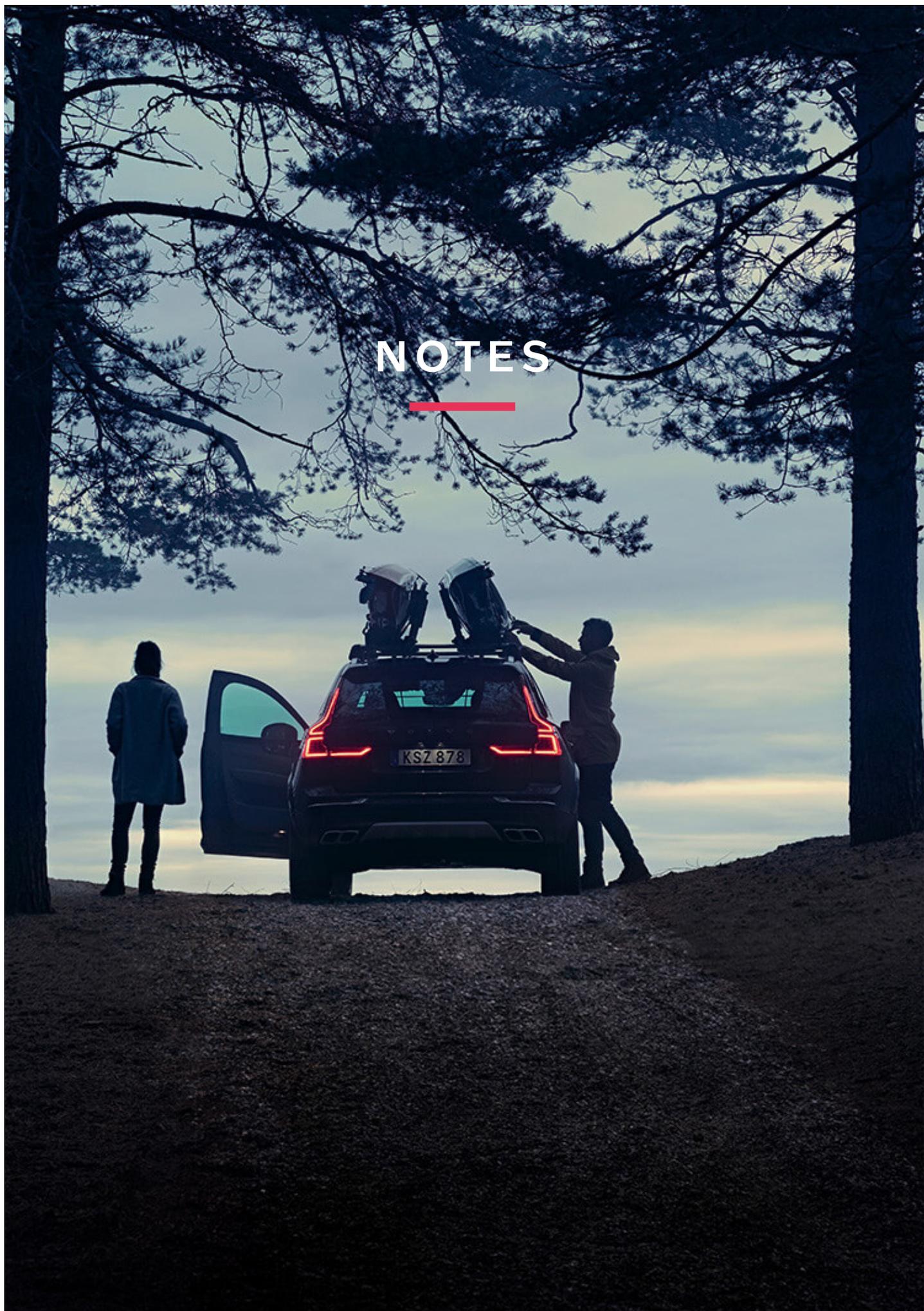
| | Amounts in SEK thousand | | | | |
|--|-------------------------|-------------------|------------------|-----------------------|------------------|
| | Restricted equity | | | Non-restricted equity | Total equity |
| | Share capital | Statutory reserve | Development fund | Retained earnings | |
| Opening equity, 1 January 2020 | 400,000 | 20,000 | 15,060 | 111,411 | 546,471 |
| Profit for the period after tax | - | - | - | 363,599 | 363,599 |
| Transfer, internally generated development costs | - | - | 4,709 | -4,709 | - |
| Total before transactions with shareholders | 400,000 | 20,000 | 19,769 | 470,301 | 910,070 |
| Dividend | - | - | - | - | - |
| Closing equity, 30 September 2020 | 400,000 | 20,000 | 19,769 | 470,301 | 910,070 |
| | Share capital | Statutory reserve | Development fund | Retained earnings | Total equity |
| Opening equity, 1 January 2020 | 400,000 | 20,000 | 15,060 | 111,411 | 546,471 |
| Profit for the year | - | - | - | 121,658 | 121,658 |
| Transfer, internally generated development costs | - | - | 5,122 | -5,122 | - |
| Total before transactions with shareholders | 400,000 | 20,000 | 20,182 | 227,947 | 668,129 |
| Dividend | - | - | - | - | - |
| Closing equity, 31 December 2020 | 400,000 | 20,000 | 20,182 | 227,947 | 668,129 |
| | Share capital | Statutory reserve | Development fund | Retained earnings | Total equity |
| Opening equity, 1 January 2021 | 400,000 | 20,000 | 20,182 | 227,947 | 668,129 |
| Profit for the period after tax | - | - | - | 413,720 | 413,720 |
| Transfer, internally generated development costs | - | - | -2,376 | 2,376 | - |
| Total before transactions with shareholders | 400,000 | 20,000 | 17,806 | 644,043 | 1,081,849 |
| Dividend | - | - | - | -213,069 | -213,069 |
| Closing equity, 30 September 2021 | 400,000 | 20,000 | 17,806 | 430,974 | 868,780 |

Cash flow statement

| | Amounts in SEK thousand | | |
|--|-------------------------|-------------------|-------------------|
| | 2021 Jan-Sep | 2020 Jan-Sep | 2020 Jan-Dec |
| Operating activities | | | |
| Operating profit | 521,058 | 462,594 | 568,233 |
| Adjustment of items not included in cash flow | | | |
| Unrealised portion of net result from financial transactions | 4,026 | -2,079 | -1,698 |
| Depreciations, amortisation, impairments | 4,261,558 | 4,003,209 | 5,423,123 |
| Credit losses | 7,805 | 32,164 | 21,651 |
| Paid/refunded (-/+) tax | -33,140 | -6,653 | -8,479 |
| Changes to assets and liabilities in operating activities | | | |
| Treasury bills eligible as collateral etc. | -338,772 | 95,733 | 98,746 |
| Lending to the public | -480,116 | 886,793 | 979,012 |
| Bonds and other interest-bearing securities | 269,770 | 197,164 | 523,569 |
| Deposits and borrowing from the public | -103,959 | 1,169,920 | 1,092,059 |
| Liabilities to credit institutions | -121,429 | -321,429 | -361,905 |
| Other assets | -71,004 | 30,293 | 205,167 |
| Securities issued | 799,675 | -1,056,469 | -982,828 |
| Other liabilities | 134,516 | -90,675 | -173,437 |
| Cash flow from operating activities | 4,849,988 | 5,400,567 | 7,383,213 |
| Investing activities | | | |
| Capitalised development expenditures | -3,399 | -9,729 | -11,816 |
| Investments in shares and participations | -2,246 | - | - |
| Disposal/redemption of shares and participations | 3,036 | 3,333 | 1,496 |
| Disposal of tangible assets | 3,361,562 | 3,498,758 | 4,570,000 |
| Acquisition of tangible assets | -8,217,879 | -7,817,163 | -10,740,553 |
| Cash flow from investing activities | -4,858,926 | -4,324,801 | -6,180,873 |
| Financing activities | | | |
| Dividends paid | -213,069 | - | - |
| Cash flow from financing activities | -213,069 | - | - |
| Cash flow for the period | | | |
| Cash and cash equivalents at beginning of period | 2,483,630 | 1,281,290 | 1,281,290 |
| Cash flow from operating activities | 4,849,988 | 5,400,567 | 7,383,213 |
| Cash flow from investing activities | -4,858,926 | -4,324,801 | -6,180,873 |
| Cash flow from financing activities | -213,069 | - | - |
| Cash and cash equivalents at end of period | 2,261,623 | 2,357,056 | 2,483,630 |



NOTES



NOTE 1. ACCOUNTING POLICIES

This interim report was prepared in accordance with IAS 34 Interim Financial Reporting. Volvofinans Bank applies legally restricted IFRS, which means the interim report has been prepared in compliance with IFRS with the additions and exceptions set out in the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities; the stipulations and general recommendations of the Swedish Financial Supervisory Authority on annual reporting by credit institutions and securities companies (FFFS 2008:25) in compliance with the change regulations in FFFS 2009:11 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. No changes in the bank's accounting policies as described in the Annual Report 2020 have taken place.

FUTURE REGULATORY CHANGES IFRS

None of the other changes in accounting policies issued for application are considered to have any material impact on Volvofinans' financial reports, capital adequacy or major exposures, or any other applicable operating regulations.

NOTE 2. ASSESSMENTS AND ESTIMATIONS IN THE FINANCIAL STATEMENTS

Preparation of the financial statements in compliance with IFRS requires the bank's management to make assessments, estimations, and assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, revenues, and expenses. These estimations and assumptions are based on historical experience and a number of other factors deemed reasonable under current circumstances. The outcomes of these estimates and assumptions are then used to assess the carrying amounts of assets and liabilities not otherwise clearly provided by other sources.

Actual outcomes may deviate from these estimations and assumptions. Primarily, the bank made the following critical assessments when applying significant accounting policies:

- Whether the bank has assumed significant risks and benefits from the seller on acquisition of receivables and agreements
- Impairment testing of lease items at risk of expected lower residual values
- Choice of method for calculating expected credit losses
- Assessment of the bank's business model for the holding of securities in the liquidity portfolio

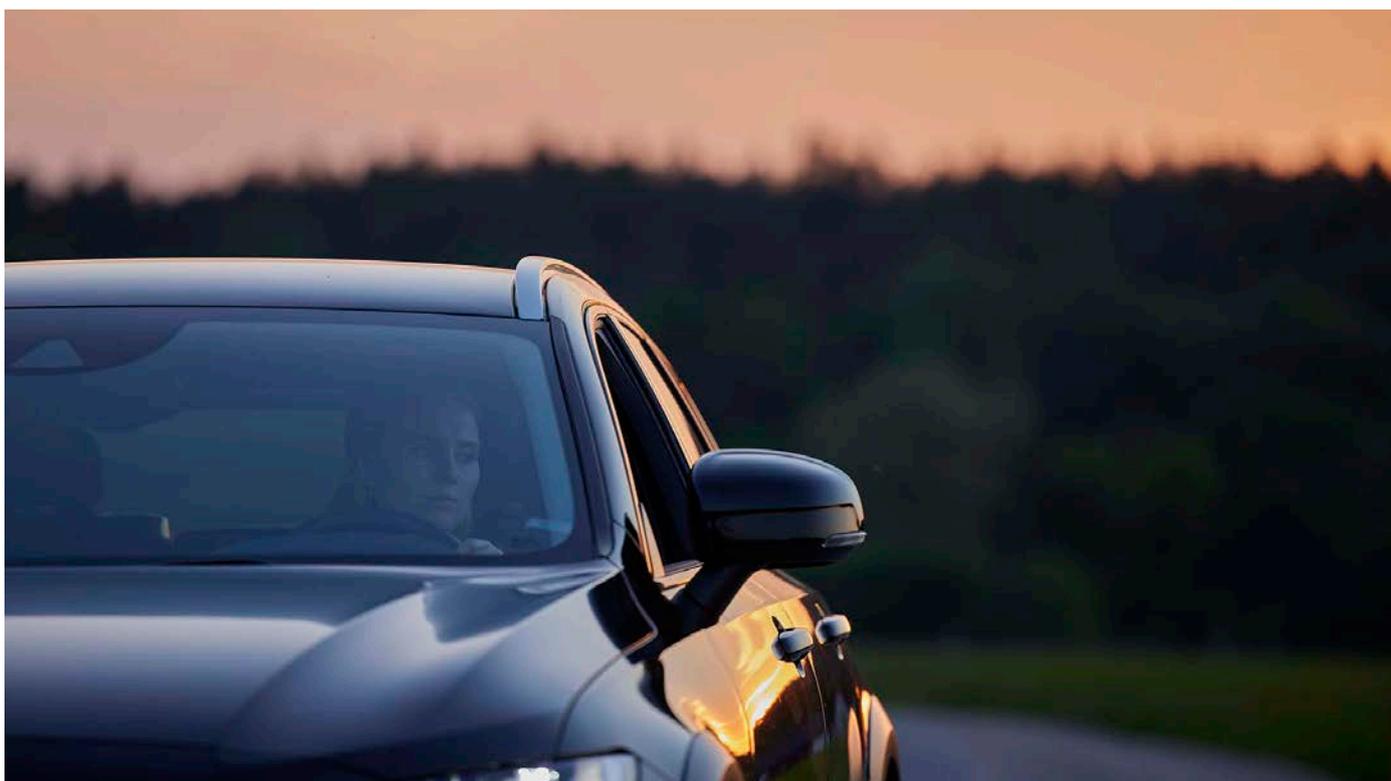
Areas in which uncertainty about estimates may exist are assumptions about credit loss impairment and assessments of the expected residual value of lease items.

Estimates and assumptions are reviewed regularly. Changes in estimates are reported in the period during which a change is made if the change affects only that particular period, or in the period during which the change is made and future periods if the change affects both the current and future periods.

NOTE 3. OPERATING SEGMENTS

The bank's operations are divided into operating segments based on the business areas that the bank's chief operating decision maker monitors. Operations are organised such that management monitors profit, returns and cash flows generated by the various services. Internal reporting is structured to allow management to monitor the performance of all services. It is on the basis of this reporting that the bank has identified the segments Cars, Trucks and Fleet.

All operating income derives from external customers and all of the bank's operations take place in Sweden.



CARS

Business area Cars comprises two businesses; Sales Finance and Cards/Payments, both aimed at consumers and small companies. Sales Finance finances cars mainly sold by Swedish Volvo and Renault dealers through loans or leasing, often in package solutions that include insurance, a credit card and a service agreement. There is also a collaboration with Polestar Automotive Sweden AB, which only makes fully electric cars. The Card/Payments business offers card payments and digital payment solutions via CarPay aimed at creating ease of payment for all vehicle usage requirements anywhere VISA is accepted. Using their mobile phones, the bank's customers can pay for their workshop visits, fuel stops at Tanka and other purchases using Samsung Pay, Google Pay and Apple Pay.

Passenger car registrations increased by 14.7% up until the end of the third quarter, and the year was characterised mainly by the changes in control instruments such as Bonus Malus, preferential regulations and the Corona pandemic, while the global shortage of silicon semiconductors used in microchips has had a negative effect and reduced the supply of new cars. Together, these factors led to a relatively erratic vehicle market in 2021.

New Volvo, Renault, Dacia and Polestar registrations reached 45,878 cars, equivalent to a market share of 19.7%, where Volvofinans provides a high proportion of the financing. The trend during the year continued to show a sharp rise for rechargeable cars, especially in the case of purely electrical cars following the new tax regulations. Electric cars benefited from registration after 1 April for the enhanced bonus effect.

The Payments business is recovering, although to some extent it remains affected by Covid-19. Nevertheless, our digital CarPay service continues to provide high inflows and the app has been downloaded by more than 750,000 unique customers.

Product development work is constantly in progress, as are launches of new digital services together with Volvo and Renault dealers, our vehicle manufacturers and other interested parties in the business ecosystem. The digital customer journey for vehicle financing during which the financial services are consumed is under constant development, and as with our digital payment solutions, we focus intensely on living up to our customer promise of a smarter car economy.

| | Amounts in SEK thousand | | |
|--|-------------------------|-----------------|-----------------|
| | 2021 Jan-Sep | 2020 Jan-Sep | 2020 Jan-Dec |
| Net interest income and net leasing* | 425,243 | 430,010 | 569,820 |
| Change in impairment of operational leases | -23,687 | -1,772 | -10,885 |
| Dividends received | 26 | 227 | 241 |
| Commission income | 161,224 | 184,237 | 247,051 |
| Commission expenses | -50,792 | -50,324 | -76,053 |
| Net result from financial transactions | 8,431 | -1,620 | -2,043 |
| Other income | 1,897 | 4,149 | 5,341 |
| Operating income | 522,342 | 564,908 | 733,473 |
| Overhead expenses** | -271,919 | -266,501 | -365,048 |
| Credit losses | -11,760 | -13,000 | -17,699 |
| Credit risk provision | 1,722 | -4,335 | -1,280 |
| Operating profit | 240,386 | 281,072 | 349,447 |

* Including depreciation of lease items.

** Including depreciations of tangible and intangible non-current assets excluding depreciation and impairment of lease items.

| Product information, loans and leasing | 30/09/2021 | 30/09/2020 | 31/12/2020 |
|--|------------|------------|------------|
| Number of contracts | 184,612 | 195,543 | 192,489 |
| Total volume, SEK million | 25,191 | 25,753 | 25,649 |
| of which transferred, % | 94.0 | 93.8 | 93.8 |
| of which pledged, % | 6.0 | 6.2 | 6.2 |
| of which loans, % | 45.1 | 46.0 | 45.7 |
| of which leases, % | 54.9 | 54.0 | 54.3 |
| Private leasing as a proportion of total leases, % | 26.3 | 25.1 | 25.1 |

| Product information, cards | 30/09/2021 | 30/09/2020 | 31/12/2020 |
|---|------------|------------|------------|
| Average number of active accounts | 390,235 | 398,914 | 396,745 |
| Total volume, SEK million | 1,758 | 1,648 | 1,590 |
| Average number of credit customers | 74,865 | 82,247 | 81,180 |
| Total sales Volvo Card, SEK million | 11,234 | 10,379 | 13,802 |
| of which fuel, % | 34.9 | 35.1 | 34.0 |
| of which workshop, % | 17.2 | 17.8 | 18.3 |
| of which retail store, % | 1.0 | 1.3 | 1.3 |
| of which car wash, % | 1.3 | 1.4 | 1.4 |
| of which sales outside Volvo dealers, % | 39.0 | 36.2 | 36.8 |
| of which other (incl. car loans and insurance), % | 6.6 | 8.3 | 8.2 |

TRUCKS

In business area Trucks, the bank offers loans and lease financing for new and used trucks including trailers, superstructures and other equipment. Volvo Truck Card is also included in Trucks.

Demand for trucks has slowed partly as a result of Covid-19, but in terms of market share, Volvo is maintaining a stable, high level. The bank's financing share of new trucks is stable and more than every other truck is financed via truck loans, financial leases or operational leases. Financing volumes for used vehicles and trailers are at a high level.

Work is constantly in progress with product development and the marketing of financial offers together with Volvo Trucks and Volvo Dealers. The development of future services and financial solutions in Fleet Management and flexible payment methods in general are examples of areas where the bank, together with Volvo Trucks, is creating future conditions for enhanced customer value. eControl is an invoice management service and cost monitoring system for the Swedish marketplace and mainly marketed to small and medium-size hauliers. eControl and a financing solution based on driven kilometres are examples of the development in progress at the bank aimed at offering Volvo customers smarter trucking economy to boost haulier profitability.

| | Amounts in SEK thousand | | |
|--|-------------------------|-----------------|-----------------|
| | 2021 Jan-Sep | 2020 Jan-Sep | 2020 Jan-Dec |
| Net interest income and net leasing* | 41,035 | 39,547 | 48,846 |
| Commission income | 6,227 | 7,313 | 9,390 |
| Commission expenses | -188 | -117 | -162 |
| Net result from financial transactions | -23 | -234 | -303 |
| Other income | 137 | 20 | 49 |
| Operating income | 47,188 | 46,529 | 57,820 |
| Overhead expenses** | -22,735 | -21,524 | -28,452 |
| Credit losses | -21 | -240 | -299 |
| Credit risk provision | 193 | -147 | -33 |
| Operating profit | 24,625 | 24,618 | 29,036 |

* Including depreciation and impairment of lease items.

** Including depreciations of tangible and intangible non-current assets excluding depreciation and impairment of lease items.

| Product information, loans and leasing | 30/09/2021 | 30/09/2020 | 31/12/2020 |
|--|------------|------------|------------|
| Number of contracts | 7,762 | 6,394 | 6,419 |
| Total volume, SEK million | 5,063 | 4,020 | 4,148 |
| of which transferred, % | 84.9 | 79.9 | 81.2 |
| of which pledged, % | 15.1 | 20.1 | 18.8 |
| of which loans, % | 80.1 | 77.2 | 77.5 |
| of which leases, % | 19.9 | 22.8 | 22.5 |
| Operational leasing as a proportion of total leases, % | 20.7 | 22.8 | 22.9 |



FLEET

In the Fleet segment, the bank provides vehicle-fleet administration and financing mainly to mid-size and large companies, regardless of the car brands customers choose to use. Here we offer both operational and financial leasing.

Business area Fleet has been market leader for several years, with 22.4% of the market as of September 2021. The number of agreements has risen by around 1 % compared to the same period last year. The majority of the new contracts were in the operational leasing category. The market for second-hand cars continues to be strong, which is also reflected in the disposal gains for the sale of returned operational leasing cars. The accumulated surplus on sales of these cars is SEK 81 million higher than in the previous year.

Product development is constantly in progress, and we are launching new services to make life simpler for the bank's customers by creating a smarter vehicle economy in the form of competitive company car expenditures for both drivers and companies.

| | Amounts in SEK thousand | | |
|--|-------------------------|-----------------|-----------------|
| | 2021 Jan-Sep | 2020 Jan-Sep | 2020 Jan-Dec |
| Leasing, net* | 59,787 | 51,492 | 68,320 |
| Change in impairment of operational leases | 4,215 | 15,952 | -13,074 |
| Commission income | 224,033 | 144,209 | 200,491 |
| Commission expenses | 186 | -491 | -638 |
| Net result from financial transactions | -29 | -482 | -626 |
| Service and repair contracts | 46,506 | 43,687 | 58,895 |
| Other income | 865 | 190 | 745 |
| Operating income | 335,562 | 254,557 | 314,114 |
| Overhead expenses** | -86,883 | -83,024 | -111,640 |
| Credit losses | -91 | -274 | -650 |
| Credit risk provision | 7,459 | -14,355 | -12,049 |
| Operating profit | 256,047 | 156,904 | 189,775 |

* Including depreciation of lease items.

**Including depreciations of tangible and intangible non-current assets excluding depreciation and impairment of lease items.

| Product Information | 30/09/2021 | 30/09/2020 | 31/12/2020 |
|----------------------------------|------------|------------|------------|
| Number of financing contracts | 36,904 | 36,175 | 36,392 |
| Number of administered contracts | 48,527 | 48,177 | 47,741 |
| Total volume, SEK million | 8,936 | 7,973 | 8,408 |
| of which operational leases, % | 72.5 | 70.3 | 71.7 |
| of which financial leases, % | 27.5 | 29.7 | 28.3 |

NOTE 4. DISCLOSURES, LOANS AND LEASES

| 30/09/2021 | Loans | Leasing | Total |
|--------------------------------|---------|---------|---------|
| Number of contracts | 118,731 | 118,882 | 237,613 |
| Average contract, SEK thousand | 130 | 206 | 168 |
| Collateral value, SEK million | 15,428 | 24,494 | 39,922 |
| Credit utilised, SEK million | 14,791 | 22,165 | 36,956 |
| Loan-to-value ratio | 96 | 90 | 93 |

| 30/09/2020 | Loans | Leasing | Total |
|--------------------------------|---------|---------|---------|
| Number of contracts | 123,995 | 122,788 | 246,783 |
| Average contract, SEK thousand | 121 | 191 | 156 |
| Collateral value, SEK million | 14,946 | 23,483 | 38,429 |
| Credit utilised, SEK million | 14,534 | 21,056 | 35,590 |
| Loan-to-value ratio | 97 | 90 | 93 |

NOTE 5. LEASE INCOME AND ACCUMULATED NET INTEREST INCOME

| | Amounts in SEK thousand | | | | | |
|--|-------------------------|----------------|----------------|-----------------|-----------------|-----------------|
| | 2021 Q3 | 2021 Q2 | 2020 Q3 | 2021 Jan-Sep | 2020 Jan-Sep | 2020 Jan-Dec |
| Lease income from operational and financial leases | 1,523,302 | 1,555,861 | 1,464,653 | 4,585,228 | 4,357,031 | 5,835,615 |
| Depreciations, leased items | -1,406,737 | -1,438,136 | -1,350,469 | -4,238,946 | -4,009,452 | -5,378,296 |
| Impairment charges / Reversals; lease item credit risk | 582 | 342 | 603 | 5,423 | -12,456 | -10,285 |
| Impairment charges / Reversals; lease item residual value risk | -7,098 | -8,923 | 13,725 | -19,473 | 14,180 | -23,958 |
| Leasing, net | 110,049 | 109,144 | 128,512 | 332,233 | 349,303 | 423,076 |
| Interest income | 131,847 | 132,018 | 138,297 | 392,350 | 430,572 | 556,789 |
| Interest expenses | -70,373 | -71,318 | -85,400 | -212,567 | -257,102 | -327,147 |
| Net interest income | 61,474 | 60,699 | 52,897 | 179,783 | 173,470 | 229,642 |
| Accumulated net interest income | 171,523 | 169,843 | 181,409 | 512,016 | 522,773 | 652,718 |

NOTE 6. DIVIDENDS RECEIVED

| | Amounts in SEK thousand | | |
|--|-------------------------|-----------------|-----------------|
| | 2021 Jan-Sep | 2020 Jan-Sep | 2020 Jan-Dec |
| Cash dividend Visa Sweden Association. | 26 | 227 | 241 |
| Total | 26 | 227 | 241 |

NOTE 7. OTHER OPERATING INCOME

| | Amounts in SEK thousand | | |
|--|-------------------------|-----------------|-----------------|
| | 2021 Jan-Sep | 2020 Jan-Sep | 2020 Jan-Dec |
| Capital gains on the sale of tangible assets | 1,907 | 451 | 1,407 |
| Revenues, service and repair contracts | 46,506 | 43,679 | 58,885 |
| Income from associated companies | 969 | 1,637 | 1,836 |
| Other operating income | 23 | 2,280 | 2,902 |
| Total | 49,405 | 48,047 | 65,030 |

NOTE 8. CREDIT LOSSES, NET

| Credit losses | Amounts in SEK thousand | | |
|---|-------------------------|----------------|----------------|
| | 30/09/2021 | 30/09/2020 | 31/12/2020 |
| Loans at amortised cost (incl. unused part of limit) | | | |
| Provisions – stage 1 | 11,349 | 13,572 | 12,372 |
| Provisions – stage 2 | 8,843 | 11,631 | 10,118 |
| Provisions – stage 3 | 2,607 | 4,912 | 4,375 |
| Total reserve | 22,799 | 30,115 | 26,865 |
| | 2021 | 2020 | 2020 |
| | Jan-Sep | Jan-Sep | Jan-Dec |
| Loans at amortised cost (incl. unused part of limit) | | | |
| Change in provisions – stage 1 | 1,022 | -4,074 | -2,874 |
| Change in provisions – stage 2 | 1,275 | -3,467 | -1,954 |
| Change in provisions – stage 3 | 1,769 | 1,288 | 1,825 |
| Total change in provisions | 4,066 | -6,253 | -3,003 |
| Write-off, confirmed credit losses | -13,617 | -14,796 | -20,023 |
| Recoveries of previously confirmed credit losses | 1,837 | 1,556 | 2,026 |
| Total | -11,780 | -13,240 | -17,997 |
| Credit losses, net* | -7,714 | -19,493 | -21,000 |

* Should be read together with the line item 'Total verified bad debt losses, lease assets' later in the note for comparison with the income statement overview and the line item 'Credit losses', Note 8.

| Credit losses | Amounts in SEK thousand | | |
|--|-------------------------|----------------|----------------|
| | 30/09/2021 | 30/09/2020 | 31/12/2020 |
| Lease assets | | | |
| Provisions – stage 1 | 2,669 | 3,958 | 3,427 |
| Provisions – stage 2 | 200 | 170 | 198 |
| Provisions – stage 3 | 2,338 | 8,671 | 7,005 |
| Total reserve | 5,207 | 12,799 | 10,630 |
| | 2021 | 2020 | 2020 |
| | Jan-Sep | Jan-Sep | Jan-Dec |
| Lease assets | | | |
| Change in provisions – stage 1 | 759 | -3,825 | -3,292 |
| Change in provisions – stage 2 | -2 | -131 | -160 |
| Change in provisions – stage 3 | 4,666 | -8,500 | -6,833 |
| Total change in provisions** | 5,423 | -12,456 | -10,285 |
| Write-off, confirmed credit losses | -177 | -366 | -743 |
| Recoveries of previously confirmed credit losses | 86 | 92 | 93 |
| Total*** | -91 | -274 | -650 |
| Credit losses, net | 5,332 | -12,730 | -10,935 |

** Refer to the Income statement overview and the line item 'Depreciation and impairment of tangible and intangible non-current assets', Note 5. Note 5 refers to the line item 'Impairment charges / Reversals; lease item credit risk'.

*** Should be read together with the line item 'Credit losses loans at amortized cost' in the note's first table for comparison with the income statement overview and the line item 'Credit losses', Note 8.

| Credit losses | Amounts in SEK thousand | | |
|-----------------------------------|-------------------------|----------------|----------------|
| | 30/09/2021 | 30/09/2020 | 31/12/2020 |
| Financial fixed assets | | | |
| Provisions – stage 1 | 1,031 | 971 | 917 |
| Provisions – stage 2 | - | - | - |
| Provisions – stage 3 | - | - | - |
| Total reserve | 1,031 | 971 | 917 |
| | 2021 | 2020 | 2020 |
| | Jan-Sep | Jan-Sep | Jan-Dec |
| Financial fixed assets | | | |
| Change in provisions – stage 1 | -114 | -127 | -73 |
| Change in provisions – stage 2 | - | - | - |
| Change in provisions – stage 3 | - | - | - |
| Total change in provisions | -114 | -127 | -73 |
| Credit losses, net**** | -114 | -127 | -73 |

**** See 'Income statement, overview' and the line item 'Impairments/Reversals of financial intangible assets, net'.

| | Amounts in SEK thousand | | |
|--|-------------------------|----------------|----------------|
| Credit losses | 30/09/2021 | 30/09/2020 | 31/12/2020 |
| Total assets | | | |
| Provisions – stage 1 | 15,049 | 18,501 | 16,715 |
| Provisions – stage 2 | 9,043 | 11,801 | 10,316 |
| Provisions – stage 3 | 4,945 | 13,583 | 11,380 |
| Total reserve | 29,037 | 43,885 | 38,411 |
| | 2021 | 2020 | 2020 |
| | Jan-Sep | Jan-Sep | Jan-Dec |
| Total assets | | | |
| Change in provisions – stage 1 | 1,667 | -8,026 | -6,240 |
| Change in provisions – stage 2 | 1,273 | -3,598 | -2,114 |
| Change in provisions – stage 3 | 6,435 | -7,212 | -5,008 |
| Total change in provisions | 9,375 | -18,836 | -13,362 |
| Write-off, confirmed credit losses | -13,794 | -15,162 | -20,766 |
| Recoveries of previously confirmed credit losses | 1,923 | 1,648 | 2,119 |
| Total | -11,871 | -13,514 | -18,647 |
| Credit losses, net | -2,496 | -32,350 | -32,009 |

NOTE 9. LEVERAGE RATIO

| | Amounts in SEK thousand | | |
|--------------------------|-------------------------|-------------|-------------|
| | 30/09/2021 | 30/09/2020 | 31/12/2020 |
| Tier 1 capital | 4,608,800 | 4,233,796 | 4,282,284 |
| Exposure measurement | 43,900,020 | 43,620,817 | 43,736,444 |
| Leverage ratio, % | 10.50 | 9.71 | 9.79 |
| Leverage ratio 3 % | 1,317,001 | 1,308,625 | 1,312,093 |



NOTE 10. CAPITAL ADEQUACY ANALYSIS

KEY RATIOS

| | Amounts in SEK thousand | |
|--|-------------------------|------------|
| | 30/09/2021 | 30/06/2021 |
| Available own funds (amounts) | | |
| Common Equity Tier 1 (CET1) capital | 4,608,800 | 4,486,705 |
| Tier 1 capital | 4,608,800 | 4,486,705 |
| Total capital | 5,008,800 | 4,886,705 |
| Risk-weighted exposure amounts | | |
| Total risk-weighted exposure amount | 21,926,932 | 22,418,423 |
| Capital ratios (as a percentage of risk-weighted exposure amount) | | |
| Common Equity Tier 1 ratio, % | 21.0 | 20.0 |
| Tier 1 ratio, % | 21.0 | 20.0 |
| Total capital ratio, % | 22.8 | 21.8 |
| Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount) | | |
| Additional own funds requirements to address risks other than the risk of excessive leverage, % | - | - |
| of which: to be made up of CET1 capital (percentage points) | - | - |
| of which: to be made up of Tier 1 capital (percentage points) | - | - |
| Total SREP own funds requirements, % | 8.0 | 8.0 |
| Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount) | | |
| Capital conservation buffer, % | 2.5 | 2.5 |
| Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State, % | - | - |
| Institution specific countercyclical capital buffer, % | - | - |
| Systemic risk buffer, % | - | - |
| Global Systemically Important Institution buffer, % | - | - |
| Other Systemically important institution buffers, % | - | - |
| Combined buffer requirement, % | 2.5 | 2.5 |
| Overall capital requirements, % | 10.5 | 10.5 |
| CET1 available after meeting the total SREP own funds requirements, % | 16.5 | 15.5 |
| Leverage ratio | | |
| Total exposure measure | 43,900,020 | 44,781,889 |
| Leverage ratio, % | 10.5 | 10.0 |
| Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure) | | |
| Additional own funds requirements to address the risk of excessive leverage, % | - | - |
| of which: to be made up of CET1 capital (percentage points) | - | - |
| Total SREP leverage ratio requirements, % | 3.0 | 3.0 |
| Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure) | | |
| Leverage ratio buffer requirement, % | - | - |
| Overall leverage ratio requirements, % | 3.0 | 3.0 |
| Liquidity Coverage Ratio (LCR) | | |
| Total high-quality liquid assets (HQLA) (weighted value – average)* | 2,357,889 | 2,419,285 |
| Cash outflows - Total weighted value* | 3,851,361 | 3,745,241 |
| Cash inflows - Total weighted value* | 3,386,431 | 3,457,754 |
| Total net cash outflows (adjusted value) | 2,888,521 | 2,808,931 |
| Liquidity Coverage Ratio, % | 245 | 258 |
| Net Stable Funding Ratio (NSFR) | | |
| Total available stable funding | 37,863,750 | 38,669,416 |
| Total required stable funding | 32,374,247 | 33,048,094 |
| Net Stable Funding Ratio, % | 117 | 117 |

* Calculated as the simple average of the end-of-the-month observations over the past 12 months.

CAPITAL BASE

| | Amounts in SEK thousand | | |
|--|-------------------------|-------------------|-------------------|
| | 30/09/2021 | 30/09/2020 | 31/12/2020 |
| Common Equity Tier 1 capital: instruments and reserves | | | |
| Capital instruments and the related share premium accounts | 400,000 | 400,000 | 400,000 |
| Retained earnings | 327,544 | 379,401 | 14,878 |
| Accumulated other comprehensive income (and other reserves) | 4,038,810 | 3,676,165 | 4,041,185 |
| Common Equity Tier 1 capital before regulatory adjustments | 4,766,354 | 4,455,566 | 4,456,063 |
| Common Equity Tier 1 capital: regulatory adjustments | | | |
| Intangible assets | -17,806 | -19,769 | -20,182 |
| Negative amounts resulting from the calculation of expected loss amount | -139,687 | -201,906 | -153,511 |
| Gains or losses on liabilities valued at fair value resulting from changes in the institution's own credit standing. | -61 | -95 | -86 |
| Total regulatory adjustments to Common Equity Tier 1 | -157,554 | -221,770 | -173,779 |
| Common Equity Tier 1 capital | 4,608,800 | 4,233,796 | 4,282,284 |
| Tier 2 capital: instruments and provisions | | | |
| Capital instruments and the related share premium accounts | 400,000 | 400,000 | 400,000 |
| Tier 2 capital | 400,000 | 400,000 | 400,000 |
| Total capital (Common Equity Tier 1 capital + Tier 2 capital) | 5,008,800 | 4,633,796 | 4,682,284 |
| Total risk-weighted assets | 21,926,932 | 20,532,537 | 21,368,095 |

CAPITAL RATIOS AND BUFFERS

| | Amounts in SEK thousand | | |
|---|-------------------------|------------|------------|
| | 30/09/2021 | 30/09/2020 | 31/12/2020 |
| Risk-weighted assets | 21,926,932 | 20,532,537 | 21,368,095 |
| Common Equity Tier 1 capital ratio, % | 21.0 | 20.6 | 20.0 |
| Tier 1 capital, % | 21.0 | 20.6 | 20.0 |
| Total capital ratio, % | 22.8 | 22.6 | 21.9 |
| Institution-specific Common Equity Tier 1 capital requirements including buffer requirements, % | 7.0 | 7.0 | 7.0 |
| of which requirement for capital conservation buffer, % | 2.5 | 2.5 | 2.5 |
| of which requirement for countercyclical buffer, % | - | - | - |
| Total capital requirement, % | 12.4 | 12.6 | 12.6 |
| Common Equity Tier 1 capital ratio available for use as a buffer, % | 16.5 | 16.1 | 15.5 |
| Common Equity Tier 1 capital ratio available for use as a buffer | 3,622,088 | 3,309,832 | 3,320,720 |

INTERNALLY ASSESSED CAPITAL REQUIREMENT

| | 30/09/2021 | | | 30/09/2020 | | | 31/12/2020 | | |
|--------------------------------------|---------------------|---------------------------------|----------------------------------|---------------------|---------------------------------|----------------------------------|---------------------|---------------------------------|----------------------------------|
| | Capital requirement | Capital requirement / Total REA | Of which CET1 requirements / REA | Capital requirement | Capital requirement / Total REA | Of which CET1 requirements / REA | Capital requirement | Capital requirement / Total REA | Of which CET1 requirements / REA |
| Credit risk | 1,591,892 | 7.3% | 4.1% | 1,494,841 | 7.3% | 4.1% | 1,547,001 | 7.2% | 4.1% |
| Operational risk | 160,693 | 0.7% | 0.4% | 146,522 | 0.7% | 0.4% | 160,693 | 0.8% | 0.4% |
| CVA risk | 1,570 | 0.0% | 0.0% | 1,240 | 0.0% | 0.0% | 1,754 | 0.0% | 0.0% |
| Pillar 1 capital requirement | 1,754,155 | 8.0% | 4.5% | 1,642,603 | 8.0% | 4.5% | 1,709,448 | 8.0% | 4.5% |
| Concentration risk | 243,201 | 1.1% | 0.7% | 292,894 | 1.4% | 1.0% | 305,968 | 1.4% | 1.0% |
| Strategic risk | 87,708 | 0.4% | 0.3% | 82,130 | 0.4% | 0.3% | 85,472 | 0.4% | 0.3% |
| Market risk | 78,632 | 0.4% | 0.2% | 65,000 | 0.3% | 0.2% | 65,000 | 0.3% | 0.2% |
| Pillar 2 capital requirement* | 409,541 | 1.9% | 1.2% | 440,024 | 2.1% | 1.4% | 456,440 | 2.1% | 1.4% |
| Capital conservation buffer | 548,173 | 2.5% | 2.5% | 513,313 | 2.5% | 2.5% | 534,202 | 2.5% | 2.5% |
| Countercyclical capital buffer | - | - | - | - | - | - | - | - | - |
| Combined buffer requirement | 548,173 | 2.5% | 2.5% | 513,313 | 2.5% | 2.5% | 534,202 | 2.5% | 2.5% |
| Capital requirements | 2,711,869 | 12.4% | 8.2% | 2,595,940 | 12.6% | 8.4% | 2,700,090 | 12.6% | 8.4% |
| Capital base | 5,008,800 | - | - | 4,633,796 | - | - | 4,682,284 | - | - |
| Capital surplus | 2,296,931 | - | - | 2,037,856 | - | - | 1,982,194 | - | - |

* The bank has not yet received an assessment from the Swedish Financial Supervisory Authority regarding specific Pillar 2 guidance.

The bank has a permit from the Swedish Financial Supervisory Authority to count interim profit as Common Equity Tier 1 capital.

CAPITAL REQUIREMENT AND RISK-WEIGHTED EXPOSURE AMOUNT

| | 30/09/2021 | | | 30/09/2020 | | | 31/12/2020 | | |
|--|---------------------|-------------------------------|------------------------|---------------------|-------------------------------|------------------------|---------------------|-------------------------------|------------------------|
| | Capital requirement | Risk-weighted exposure amount | Average risk weighting | Capital requirement | Risk-weighted exposure amount | Average risk weighting | Capital requirement | Risk-weighted exposure amount | Average risk weighting |
| Credit risk IRB | | | | | | | | | |
| Corporate exposures | 516,131 | 6,451,632 | 69.9% | 489,155 | 6,114,436 | 69.6% | 533,128 | 6,664,099 | 73.9% |
| Retail exposures | 606,618 | 7,582,722 | 23.9% | 568,593 | 7,107,408 | 22.3% | 564,542 | 7,056,770 | 22.3% |
| Non credit-obligation assets exposure | 373,953 | 4,674,408 | 100.0% | 336,566 | 4,207,079 | 100.0% | 355,402 | 4,442,526 | 100.0% |
| Total IRB | 1,496,701 | 18,708,762 | 41.0% | 1,394,314 | 17,428,923 | 38.8% | 1,453,072 | 18,163,395 | 40.3% |
| Credit risk STD | | | | | | | | | |
| Exposures to central governments or central banks | - | - | - | - | - | - | - | - | - |
| Exposures to provincial or regional government bodies or local authorities | - | - | - | - | - | - | - | - | - |
| Exposures to public sector | 129 | 1,607 | 20.0% | 631 | 7,889 | 100.0% | 762 | 9,528 | 100.0% |
| Exposures to institutions | 37,882 | 473,524 | 20.0% | 39,948 | 499,356 | 20.0% | 41,969 | 524,608 | 20.0% |
| Corporate exposures | 19,449 | 243,109 | 87.9% | 16,473 | 205,909 | 95.6% | 13,477 | 168,464 | 93.1% |
| Retail exposures | 24,932 | 311,650 | 61.6% | 26,545 | 331,819 | 66.6% | 25,114 | 313,921 | 66.3% |
| Exposures in default | 267 | 3,339 | 150.0% | 1,092 | 13,647 | 150.0% | 245 | 3,069 | 150.0% |
| Covered bonds | 6,850 | 85,623 | 10.0% | 11,061 | 138,264 | 10.0% | 9,008 | 112,602 | 10.0% |
| Share exposures | 1,257 | 15,713 | 100.0% | 1,173 | 14,667 | 100.0% | 1,320 | 16,503 | 100.0% |
| Other items | 4,426 | 55,328 | 100.0% | 3,603 | 45,033 | 100.0% | 2,034 | 25,428 | 100.0% |
| Total STD | 95,191 | 1,189,893 | 20.3% | 100,527 | 1,256,584 | 20.5% | 93,929 | 1,174,123 | 19.9% |
| Total | 1,591,892 | 19,898,655 | 38.6% | 1,494,841 | 18,685,507 | 36.6% | 1,547,001 | 19,337,518 | 37.9% |
| Operational risk | 160,693 | 2,008,657 | - | 146,522 | 1,831,531 | - | 160,693 | 2,008,657 | - |
| Credit value adjustment (CVA) | 1,570 | 19,620 | - | 1,240 | 15,499 | - | 1,754 | 21,920 | - |
| Total minimum capital requirement and risk-weighted exposure amount | 1,754,155 | 21,926,932 | - | 1,642,603 | 20,532,537 | - | 1,709,448 | 21,368,095 | - |

Amounts in SEK thousand

NOTE 11. CARRYING AMOUNT BY CATEGORY OF FINANCIAL INSTRUMENTS AND

DISCLOSURES ABOUT FAIR VALUE

Methods for determining fair value

Derivatives are reported under other assets or other liabilities. Because the derivative instruments have no quoted price on an active market (Level 1), the Bank uses a discounted cash flow analysis to determine the fair value of the instruments in accordance with IFRS 13. When discounting, only observable market data is used (Level 2).

Under IFRS 13 Fair value measurement, treasury bills eligible as collateral, other eligible securities, bonds and other interest-bearing securities are measured at fair value with prices quoted on an active market (Level 1) and also at market value using observable market data (Level 2).

Lending to the public has been calculated by discounting the contractual cash flows using a discount rate based on a current lending spread (Level 3) to determine fair value according to IFRS 13.

Issued securities and subordinated liabilities have been calculated based on current lending spreads (Level 2) to determine fair value according to IFRS 13. Liabilities to credit institutions have been calculated on the basis of estimated borrowing spreads (Level 3).

Other categories belong to Level 3. The carrying amounts of these assets and liabilities provide a good approximation of fair value due to their short remaining maturity.

Fair values are categorised into levels in a fair value hierarchy based on the use of input data in the following measurement techniques:

Level 1 – according to quoted price on an active market for identical instruments.

Level 2 – from directly or indirectly observable market data not included in Level 1. This category includes instruments whose value is based on quoted prices on active markets for similar instruments; quoted prices for identical or similar instruments traded on non-active markets, or other valuation techniques where all material input data is directly and indirectly observable on the market.

Level 3 – from input data not observable on the market. This category includes all instruments where the valuation technique comprises inputs that are not based on observable data and where such data has a material impact on valuation.

| | Amounts in SEK thousand | | | | |
|---|-------------------------|-------------------|-------------------|-------------------|-----------------------|
| | Level 1 | Level 2 | Level 3 | Total fair value | Total carrying amount |
| Assets, Jan - Sep 2021 | | | | | |
| Treasury bills eligible as collateral etc. | 1,671,089 | - | - | 1,671,089 | 1,669,975 |
| Lending to credit institutions | - | - | 2,261,623 | 2,261,623 | 2,261,623 |
| Lending to the public | - | - | 17,262,503 | 17,262,503 | 16,749,908 |
| Bonds and other interest-bearing securities | 857,088 | 699,981 | - | 1,557,069 | 1,556,213 |
| Other assets* | - | 10,501 | 660,338 | 670,839 | 670,839 |
| Prepaid expenses and accrued income | - | - | 98,401 | 98,401 | 98,401 |
| Total | 2,528,177 | 710,482 | 20,282,865 | 23,521,524 | 23,006,959 |
| Liabilities, Jan - Sep 2021 | | | | | |
| Liabilities to credit institutions | - | - | 1,116,783 | 1,116,783 | 1,109,524 |
| Deposits and borrowing from the public | - | - | 22,204,834 | 22,204,834 | 22,204,834 |
| Securities issued | - | 13,010,205 | - | 13,010,205 | 12,908,584 |
| Other liabilities* | - | 50,450 | 965,694 | 1,016,144 | 1,016,144 |
| Accrued expenses and deferred income | - | - | 1,508,996 | 1,508,996 | 1,508,996 |
| Subordinated liabilities | - | 428,454 | - | 428,454 | 400,000 |
| Total | - | 13,489,109 | 25,796,307 | 39,285,416 | 39,148,082 |
| Assets, Jan - Sep 2020 | | | | | |
| Treasury bills eligible as collateral etc. | 1,332,956 | - | - | 1,332,956 | 1,334,216 |
| Lending to credit institutions | - | - | 2,468,506 | 2,468,506 | 2,357,056 |
| Lending to the public | - | - | 16,911,536 | 16,911,536 | 16,373,794 |
| Bonds and other interest-bearing securities | 1,382,648 | 769,751 | - | 2,152,399 | 2,152,388 |
| Other assets* | - | 17,906 | 773,900 | 791,806 | 791,806 |
| Prepaid expenses and accrued income | - | - | 86,631 | 86,631 | 86,631 |
| Total | 2,715,604 | 787,657 | 20,240,573 | 23,743,834 | 23,095,891 |
| Liabilities, Jan - Sep 2020 | | | | | |
| Liabilities to credit institutions | - | - | 1,280,478 | 1,280,478 | 1,271,429 |
| Deposits and borrowing from the public | - | - | 22,386,645 | 22,386,645 | 22,386,655 |
| Securities issued | - | 12,115,489 | - | 12,115,489 | 12,035,269 |
| Other liabilities* | - | 76,987 | 948,401 | 1,025,388 | 1,025,388 |
| Accrued expenses and deferred income | - | - | 1,443,591 | 1,443,591 | 1,443,591 |
| Subordinated liabilities | - | 401,713 | - | 401,713 | 400,000 |
| Total | - | 12,594,189 | 26,059,115 | 38,653,304 | 38,562,332 |

* The financial instruments measured at fair value in the balance sheet by the bank are derivative instruments.

Financial instruments that are offset in the balance sheet or covered by netting agreements

Volvofinans Bank concludes derivative contracts under the International Swaps and Derivatives Association (ISDA) master agreement. No amounts have been offset. In the case of derivative agreements concluded after 1 March 2017, Volvofinans Bank receives and provides collateral in the form of deposits in accordance with the standard conditions of the ISDA Credit Support Annex. After marking the agreements to market, SEK 10.5 million have been entered as assets, and SEK 50.5 million as liabilities. Securities in the amount of SEK 3.5 million were received and assets of SEK 39.5 million were pledged as of 30 June 2021.



Fair value assets and liabilities per category

| Amounts in SEK thousand | | | | | |
|---|---|---------------------------------------|----------------------------------|-------------------|------------|
| Assets | Financial assets measured at amortised cost | Derivatives in hedge accounting | Other assets* | Total | Fair value |
| 30/09/2021 | | | | | |
| Treasury bills eligible as collateral etc. | 1,669,975 | - | - | 1,669,975 | 1,671,089 |
| Lending to credit institutions | 2,261,623 | - | - | 2,261,623 | 2,261,623 |
| Lending to the public | 16,749,908 | - | - | 16,749,908 | 17,262,503 |
| Bonds and other interest-bearing securities | 1,556,213 | - | - | 1,556,213 | 1,557,069 |
| Shares and participations in associates and other companies | - | - | 8,971 | 8,971 | - |
| Shares and participations in Group companies | - | - | 6,742 | 6,742 | - |
| Intangible non-current assets | - | - | 17,806 | 17,806 | - |
| Tangible assets: inventory | - | - | 6,760 | 6,760 | - |
| Tangible assets: lease items | - | - | 22,008,672 | 22,008,672 | - |
| Other assets | 546,659 | 9,199 | 114,981 | 670,839 | 670,839 |
| Prepaid expenses and accrued income | 98,401 | - | - | 98,401 | 98,401 |
| Total assets | 22,882,779 | 9,199 | 22,163,932 | 45,055,910 | |
| Liabilities | | | | | |
| Liabilities | Non-financial liabilities | Derivatives in hedge accounting | Other financial liabilities** | Total | Fair value |
| 30/09/2021 | | | | | |
| Liabilities to credit institutions | - | - | 1,109,524 | 1,109,524 | 1,116,783 |
| Deposits and borrowing from the public | - | - | 22,204,834 | 22,204,834 | 22,204,834 |
| Securities issued | - | - | 12,908,584 | 12,908,584 | 13,010,205 |
| Other liabilities | 421,293 | 2,247 | 592,604 | 1,016,144 | 1,016,144 |
| Accrued expenses and deferred income | 1,404,670 | - | 104,326 | 1,508,996 | 1,508,996 |
| Subordinated liabilities | - | - | 400,000 | 400,000 | 428,454 |
| Total liabilities | 1,825,963 | 2,247 | 37,319,872 | 39,148,082 | |

* Non-hedged derivatives totalling SEK 1,301 thousand are included in the item other liabilities and are measured mandatorily at fair value via the income statement.

** Non-hedged derivatives totalling SEK 48,203 thousand are included in the item other liabilities and are measured mandatorily at fair value via the income statement.

| Amounts in SEK thousand | | | | | |
|---|---|---------------------------------------|----------------------------------|-------------------|------------|
| Assets | Financial assets measured at amortised cost | Derivatives in hedge accounting | Other assets* | Total | Fair value |
| 30/09/2020 | | | | | |
| Treasury bills eligible as collateral etc. | 1,334,216 | - | - | 1,334,216 | 1,332,956 |
| Lending to credit institutions | 2,357,056 | - | - | 2,357,056 | 2,468,506 |
| Lending to the public | 16,373,794 | - | - | 16,373,794 | 16,911,536 |
| Bonds and other interest-bearing securities | 2,152,388 | - | - | 2,152,388 | 2,152,399 |
| Shares and participations in associates and other companies | - | - | 7,925 | 7,925 | - |
| Shares and participations in Group companies | - | - | 6,742 | 6,742 | - |
| Intangible non-current assets | - | - | 19,769 | 19,769 | - |
| Tangible assets: inventory | - | - | 10,519 | 10,519 | - |
| Tangible assets: lease items | - | - | 20,958,014 | 20,958,014 | - |
| Other assets | 598,842 | 17,894 | 175,070 | 791,806 | 791,806 |
| Prepaid expenses and accrued income | 86,631 | - | - | 86,631 | 86,631 |
| Total assets | 22,902,927 | 17,894 | 21,178,039 | 44,098,860 | |
| Liabilities | | | | | |
| Liabilities | Non-financial liabilities | Derivatives in hedge accounting | Other financial liabilities** | Total | Fair value |
| 30/09/2020 | | | | | |
| Liabilities to credit institutions | - | - | 1,271,429 | 1,271,429 | 1,280,478 |
| Deposits and borrowing from the public | - | - | 22,386,655 | 22,386,655 | 22,386,645 |
| Securities issued | - | - | 12,035,269 | 12,035,269 | 12,115,489 |
| Other liabilities | 386,015 | - | 639,373 | 1,025,388 | 1,025,388 |
| Accrued expenses and deferred income | 1,320,225 | - | 123,366 | 1,443,591 | 1,443,591 |
| Subordinated liabilities | - | - | 400,000 | 400,000 | 401,713 |
| Total liabilities | 1,706,240 | - | 36,856,092 | 38,562,332 | |

* Non-hedged derivatives totalling SEK 12 thousand are included in the item other liabilities and are measured mandatorily at fair value via the income statement.

** Non-hedged derivatives totalling SEK 76,987 thousand are included in the item other liabilities and are measured mandatorily at fair value via the income statement.

NOTE 12. RELATED PARTIES

The bank is owned 50% by Volvo Personvagnar AB and 50% by Swedish Volvo dealers, through their trust company AB Volverkinvest. Both companies are classified as other related companies.

The bank has participations in four companies classified as associates: Volvohandelns PV Försäljnings AB, Volvohandelns PV Försäljnings KB, VCC Tjänstebilar KB and VCC Försäljnings KB. The Group also includes wholly-owned and dormant subsidiaries: Volvofinans Leasing AB, Autofinans Nordic AB, CarPay Sverige AB and Volvofinans IT AB.

| | Group companies | | Associates | | Other related companies | |
|-------------------------|-----------------|------------|--------------|--------------|-------------------------|----------------|
| | 30/09/2021 | 30/09/2020 | 30/09/2021 | 30/09/2020 | 30/09/2021 | 30/09/2020 |
| Balance sheet | | | | | | |
| Assets | 6,742 | 6,742 | 5,584 | 38,337 | 1,274,730 | 1,337,764 |
| Liabilities | 6,789 | 6,789 | 128,935 | 82,524 | 74,128 | 314,696 |
| Income statement | | | | | | |
| Interest income | - | - | 1,057 | 862 | 10 | - |
| Lease income | - | - | - | - | 95,611 | 142,298 |
| Interest expenses | - | - | -76 | -86 | - | -113 |
| Commission income | - | - | - | - | 404 | 694 |
| Other operating income | - | - | 969 | 1,637 | - | - |
| Total | - | - | 1,950 | 2,413 | 96,025 | 142,879 |

NOTE 13. EVENTS AFTER THE END OF THE PERIOD

No significant events have occurred since the end of the period.



VOLVOFINANS BANK

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