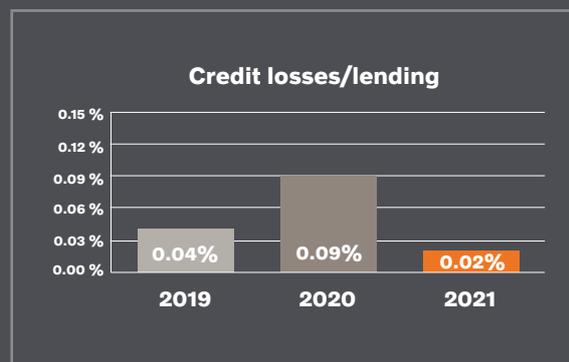
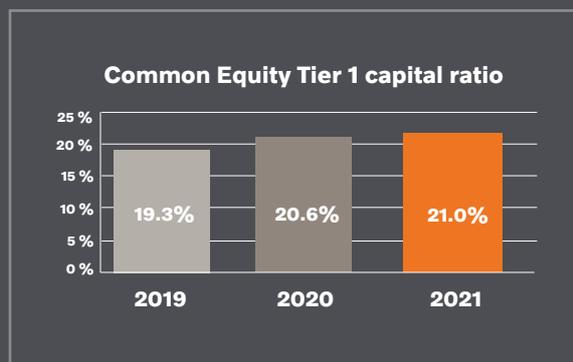
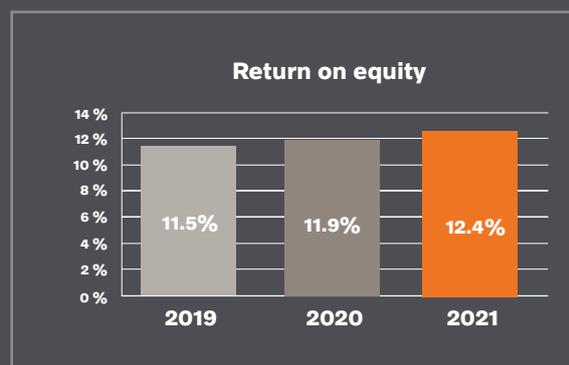
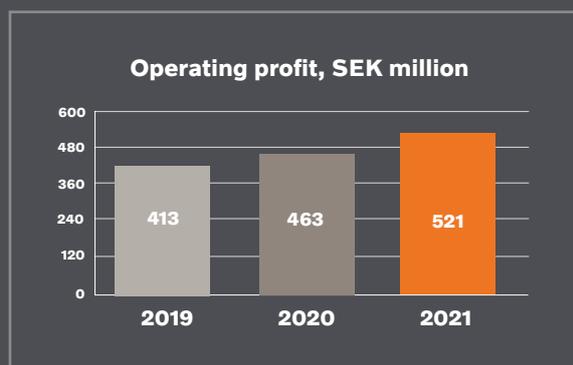
An aerial photograph of a narrow gravel road that winds through a dense, dark green forest. A small, dark-colored car is visible on the road, positioned in the lower-middle section of the frame. The road starts from the top of the image and curves slightly to the right before continuing straight down. The surrounding forest is thick with trees, and the overall lighting is somewhat dim, suggesting an overcast day or a shaded forest environment.

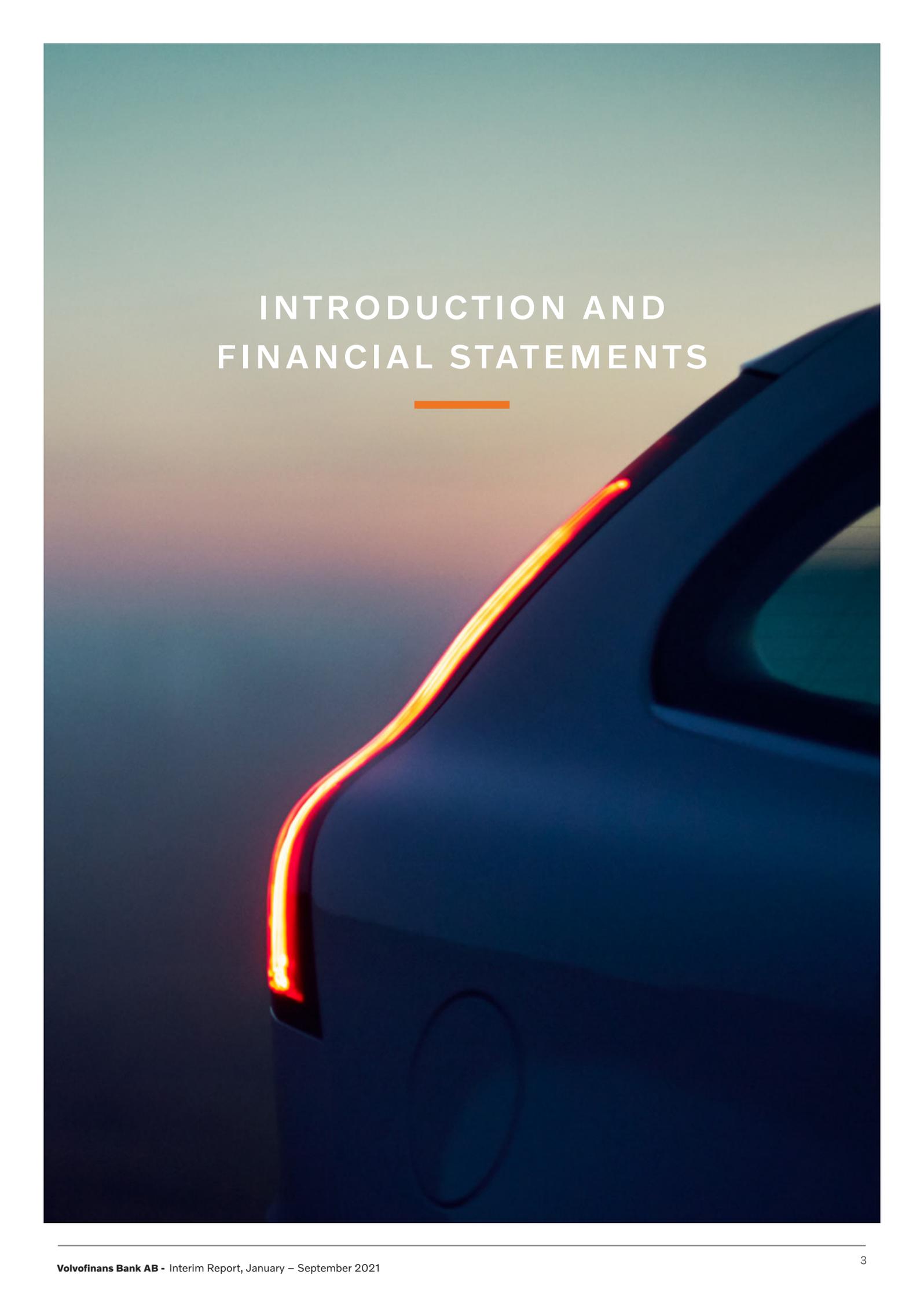
INTERIM REPORT 1 JANUARY – 30 SEPTEMBER
2021

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/finansiella-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

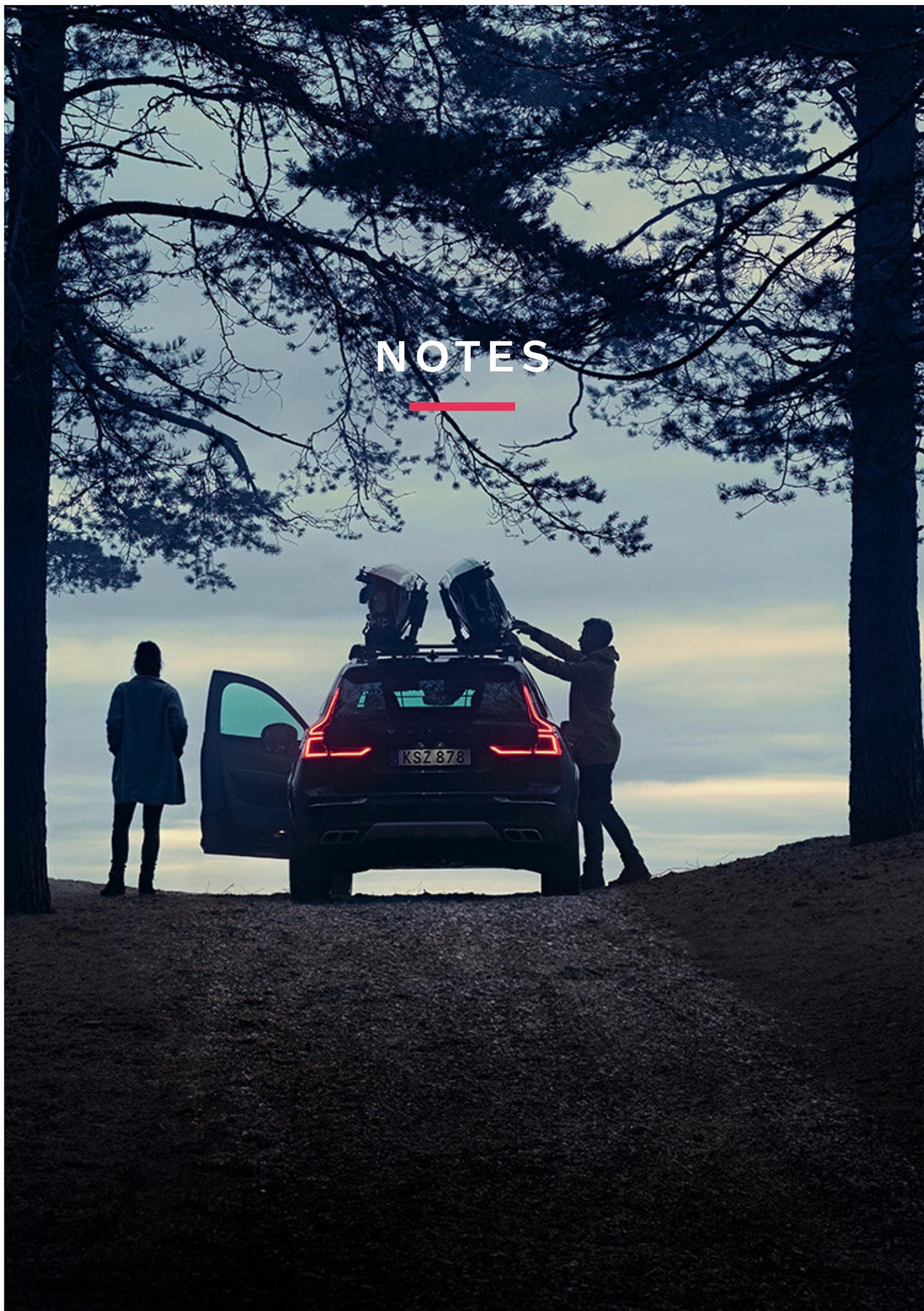
	Amounts in SEK thousand				
	Share capital	Restricted equity Statutory reserve	Development fund	Non-restricted equity Retained earnings	Total equity
Opening equity, 1 January 2020	400,000	20,000	15,060	111,411	546,471
Profit for the period after tax	-	-	-	363,599	363,599
Transfer, internally generated 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

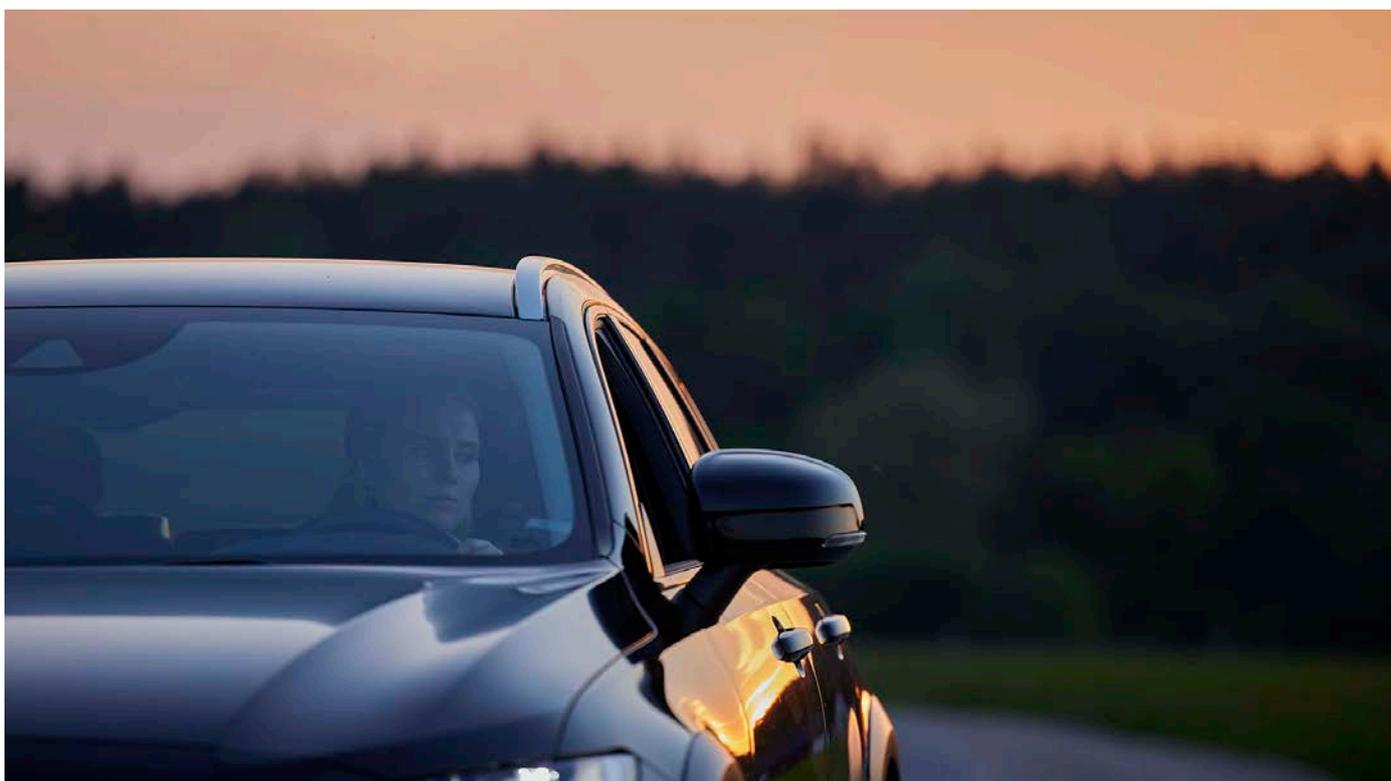
Areas in which uncertainty about estimates may exist are assumptions about credit loss impairment and assessments of the expected residual value of lease items.

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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