

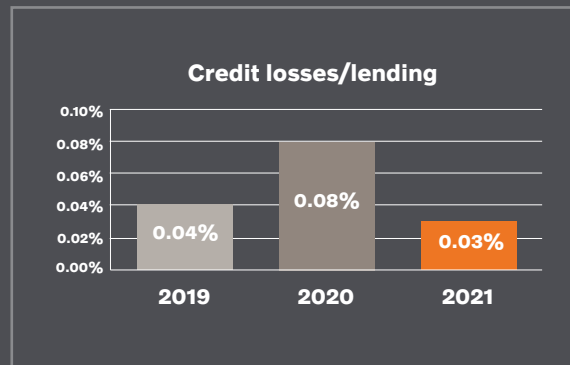
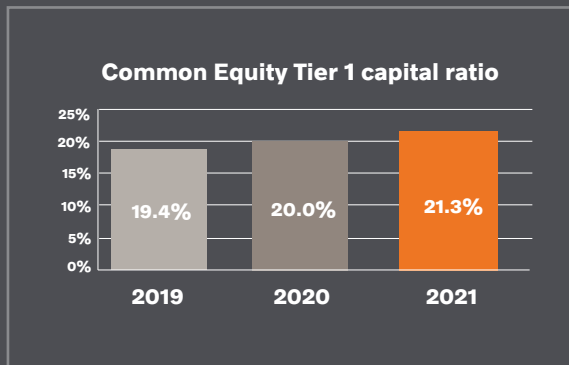
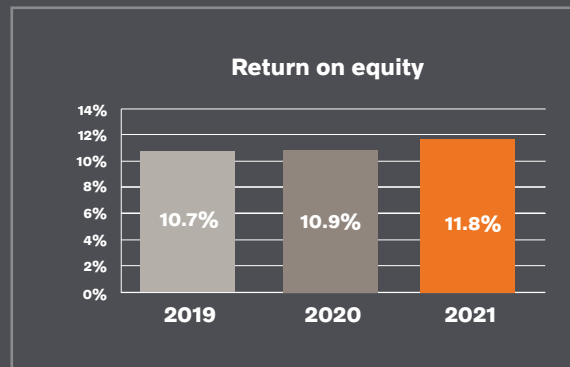
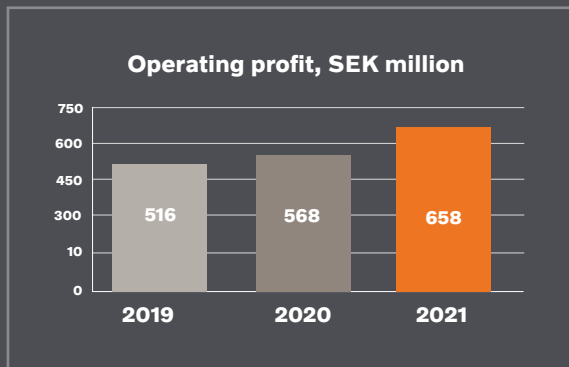
YEAR-END REPORT
2021



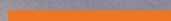
VOLVOFINANS BANK

SUMMARY

2021



INTRODUCTION AND FINANCIAL STATEMENTS



JAN–DEC 2021 IN SUMMARY

Operating profit:
SEK 658 million (568)

Return on equity:
11.8 % (10.9)

Lending as of 31 December:
SEK 38.7 billion (37.7)

Credit losses
SEK 3.8 million (32.0)

Common Equity Tier 1 capital ratio:
21.3% (20.0)

From several different perspectives, 2021 was a fantastic year for the bank. Operating profit rose by no less than 16 percent to an all-time high of SEK 658 million (568). Lending rose by SEK 1 billion to reach a total of around SEK 39 billion. We continue to build the capital base and our capital ratio is far above prudential requirements.

Meanwhile, very exciting developments are taking place in the automotive industry. Bold, enterprising customers have taken demand for electrified vehicles and other sustainable alternatives to a whole new level. Naturally, this mainly concerns the development of passenger cars, where rechargeable vehicles accounted for 45% (32%) of all new registrations, of which almost 20% (10%) were purely electric.

With its market leadership through Carpay Fleet, the bank enjoys good insights into this market. Future electrification, along with other sustainable eco-alternatives, are very important issues for our customers. At year-end, the business area's order backlog comprised 73% fully or partially electrified passenger cars. The bank's strategic collaborations with Volvo Cars, Volvo Trucks, Polestar and Renault also provide valuable insights into tomorrow's changing transportation landscape.

The pace of development of electrified vehicles is expected to continue accelerating in 2022, even if the shortage of semiconductors at manufacturers will delay delivery times in general. This rapid development will take place mainly in major cities. Part of the challenge naturally involves creating the ability to charge vehicles and the entire infrastructure that must be added to the electrical grid. At the same time, many new players are emerging in the major cities offering simple, flexible alternative transport solutions. This phenomenon is known as Micro Mobility in the automotive industry and is an exciting, sought-after addition to traditional options. It often involves customers sharing the use of a vehicle in smart ways, and especially by combining traditional solutions (e-scooters, bikes, car sharing, trains etc.) with new ones.

It's against this background that the new transportation landscape is emerging. We have chosen to call this 'The Green City' where new digital capabilities will be needed to meet our customers' new demands. These new digital abilities – which the bank has invested heavily in for several years – revolve around flexibility and simplicity, and are summed up in the industry by the term Mobility. The market operators who are best able to bundle and package the new abilities for different customer demands will gain the upper hand. This is where the bank's extensive experience in the financing and administration of passenger cars, light trucks and heavy goods vehicles together with its nimble payment methods will make all the difference. Together with our partners, our Payments business has developed trailblazing solutions. With more than 700,000 app users and 30 million transactions every year, Carpay is a trailblazer in these developments, and will be the payment key that opens up the Green City. To pay for use by the kilometre, the hour, day or month will be a natural customer demand moving forward and the bank will continue to develop Carpay to meet new needs in the green city, where we aim to occupy the vacant position as the Mobility Bank.

Looking at our three business areas from a profit perspective, we see that all have performed better than planned. Trucks and Fleet delivered profits that exceeded the previous year's, and the latter did so by a very large margin. Vehicle disposals in Fleet are very profitable in the prevailing shortage of vehicles on the second-hand market, which is the principal reason to the business area's record profit of SEK 326.6 million (189.8). Cars, the bank's biggest business in terms of lending volumes, did not reach last year's strong profits, but came in at SEK 299 million (349.5).

VolvoFinans Bank's year was characterised by multiple accelerator-and-brake intervals, caused directly or indirectly by the pandemic. The first quarter was very strong in terms of new registered vehicles, with high lending growth for the bank. High second-hand prices gained additional impetus from the semiconductor problem in new vehicle production, which resulted in new record month-by-month profits for the bank from May to September. However, the growth in lending ceased during the summer, largely because of delivery delays and in some cases, even cancelled orders. It was possible to recoup some of the lost deliveries during the autumn and the fourth quarter, and demand for new vehicles and sales out in the dealerships picked up again.

Our 50 per cent owner – Volvo Cars – was listed on the Stockholm stock exchange in October. Successful listings for owners and partners that are able to use capital markets for future investments also give the bank an indirect boost. Our other 50 per cent owner, Volvo Dealers via its owner Volverinvest, bears witness to a very strong year for the car retail business with a total profit of around SEK 2 billion. Other partners such as Renault SA and AB Volvo with its HGVs delivered excellent profits, despite the pandemic. Stable owners and partners are of the utmost importance through the automotive industry's transformational move toward electrification.

As I wrote in my introduction, developments are rapidly moving forward. Today, the strategic journey we began in 2016 when we launched Carpay, feels more than ever like the right decision. By allowing our Fleet, Cars and Trucks business areas to share each other's developed abilities, we gain the opportunity to scale up the operation together with our partners. Because these exciting developments are taking place in parallel with society's sharp environmental focus on a green transition, it

makes our employees determined to make a difference, and us more attractive as an employer. This also coincides well with the goals of supervisory authorities and bond investors of reducing the proportion of bank-financed objects with high carbon footprints in the balance sheet.

In conclusion, I would also like to thank our capable and hugely committed employees who do such a fantastic job and who also made it possible in 2021 for us to take first place in Brilliant Futures 'Best Customer Service' in banking award for the second year running.

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 4 February 2022



"The bank will continue to develop Carpay to meet new needs in the green city, where we aim to occupy the vacant position of The Mobility Bank."

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 38.7 billion compared to 37.7 billion in the previous year. Trucks accounted for SEK 4.4 billion (3.4) of lending, equivalent to 11 % (9) of the total. Fleet accounted for SEK 8.8 billion (8.4) of lending or 23 % (22) and Volvo Card for 5 % (4) or SEK 1.8 billion (1.6). The remainder – SEK 23.7 billion (24.3) – is attributable to passenger car financing in business area Cars, which corresponds to 61 % (65) 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 has delivered a record profit of SEK 658.0 million (568.2) in 2021, which is SEK 89.8 million or 16% higher year-over-year. Prices for second-hand cars continue to be at historically high levels, 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 89.3 million higher than in the previous year.

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 5.5 million (5.4) and for loans and leasing SEK 165.5 million (214.7), of which SEK 163.5 million (211.5) is covered by recourse. Loans subject to deferral totalled SEK 50.6 million (116.8).

Verified credit losses of SEK 15.3 million (18.6) 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 11.5 million. Due to the reversal of previous impairments for expected credit losses, total credit losses stand at SEK 3.8 million. The provision for expected credit losses totals SEK 26.9 million.

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. During 2021, the bank carried out impairments totalling SEK 44.6 million related to residual value risk, mainly due to the bank's increased residual value positions in operational leases. As of 31/12/2021, the bank's residual value positions for operational lease assets totalled SEK 4.9

billion (3.9). The bank carried out impairments totalling SEK 124.9 million (80.3) reported under depreciations, amortisation and impairments of tangible assets.

Funding and liquidity

Deposits in the bank's savings account decreased by SEK 780 million in 2021, reaching a total balance of SEK 20.1 billion (20.8) at year-end. Total deposits including the credit balance for the Volvo Card and deposits from Volvo dealerships stood at SEK 21.8 billion (22.3) and accounted for 60 % (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 to a value of SEK 3.5 billion were issued during the year, of which green bonds accounted for SEK 1.1 billion of the issued volume. Own bonds with a nominal value of SEK 0.7 billion were repurchased. Commercial Paper relating to short-term borrowing were issued in the amount of SEK 1.5 billion during the year. Volvofinans Bank's outstanding financing through its markets loan programmes, MTN and commercial paper, totalled a nominal SEK 13.1 billion (12.1), of which green bonds accounted for SEK 3.3 billion on 31/12/2021.

In addition to market borrowing and deposits, the bank also finances its activities through bank credits, which total SEK 1.1 billion (1.2). The proportion of financing from market loans programmes and the banking sector with remaining terms of more than one year was 65 % (76).

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 year-end was SEK 5.3 billion (5.6). The securities holding accounted for SEK 3.0 billion (58%) and non-fixed deposits at other banks totalled SEK 2.2 billion (42%). Volvofinans Bank's liquidity reserve must always be at least 10% in relation to lending volume. As of 31/12/2021, total lending was SEK 38.7 billion, which means the liquidity reserve corresponded to 14 % (15). In addition to the liquidity reserve, available and unutilised loan facilities totalled SEK 4.3 billion (4.8).

At the end of the fourth quarter, Volvofinans Bank's liquidity coverage ratio (LCR) under article 415 of the EU Capital Requirements Regulation (CRR), totalled 225 % (237), and the net stable funding ratio (NSFR) was 116 % 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. Common Equity Tier 1 capital ratio amounted to 21.3 % (20.0) as of 31/12/2021 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.

The capital conservation buffer of 2.5 % of REA was SEK 555 million (534). The countercyclical buffer was reduced to 0.0 % as of 16/03/2020 for preventive purposes due to Covid-19. The leverage ratio was 10.8 % (9.8) as of 31/12/2021.

In June, the Swedish Financial Supervisory Authority approved the counterparty risk netting agreement in derivative contracts as submitted by the bank 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 in 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.

Tax reduction for investments in inventory acquired during 2021

In October 2021, parliament resolved to introduce a tax reduction for investments in inventory acquired during 2021. A tax reduction of 3.9% may be used for tangible assets and lease items remaining at year-end 2022. As of 31/12/2021, Volvofinans Bank reported an accrued tax asset of SEK 292 million in accordance with IAS 12. There is a degree of uncertainty concerning the item, primarily due to the bank's not knowing how large a part of the lease stock will be redeemed early or disposed of in some other way in 2022. See also Note 8.

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 year, 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:

Week 12, 2022	Annual Report
6 May 2022	Interim Report Jan-Mar
9 June 2022	AGM
26 August 2022	Interim Report Jan-Jun
4 November 2022	Interim Report Jan-Sep

Certificate

The year-end 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, 4 February 2022

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

	31/12/2021	31/12/2020
Return on equity, %	11.75	10.94
Risk capital / Balance sheet total, %	14.25	13.35
Deposits / Lending, %	56.36	59.20
Profit / Risk-weighted assets, %	2.96	2.66
Total capital ratio, %	23.08	21.91
Common Equity Tier 1 capital ratio, %	21.28	20.04
Cost/Income ratio	0.46	0.48
Cost/Income ratio excl. residual value provision	0.43	0.45
Credit losses / Lending, %	0.03	0.08
Liquidity coverage ratio (LCR), %	225	237
NSFR (Net Stable Funding Ratio), %	116	
Leverage ratio, %	10.8	9.8

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 Q4	2021 Q3	2020 Q4	2021 Jan–Dec	2020 Jan–Dec
Interest income	129,914	131,847	126,217	522,265	556,789
Lease income	1,573,557	1,523,302	1,478,584	6,158,786	5,835,615
Interest expenses	-68,458	-70,373	-70,045	-281,025	-327,147
Net interest income, Note 5	1,635,014	1,584,776	1,534,756	6,400,026	6,065,257
Dividends received	19	0	14	46	241
Commission income	125,863	124,351	121,174	517,346	456,933
Commission expenses	-2,241	-26,848	-25,921	-53,035	-76,853
Net result from financial transactions	2,000	434	-635	10,379	-2,972
Other operating income, Note 6	17,593	15,443	16,984	66,997	65,030
Total operating income	1,778,249	1,698,156	1,646,370	6,941,759	6,507,636
General administration expenses	-147,758	-100,444	-115,615	-488,679	-448,303
Depreciation and impairment of tangible and intangible non-current assets, Note 5	-1,491,813	-1,416,321	-1,407,459	-5,753,371	-5,423,123
Other operating expenses	1,161	-10,655	-15,828	-30,892	-46,253
Total operating expenses	-1,638,410	-1,527,420	-1,538,902	-6,272,942	-5,917,679
Profit before credit losses	139,839	170,736	107,468	668,817	589,957
Credit losses, net, Note 7	-3,042	-2,985	-1,883	-10,848	-21,651
Impairments/Reversals of financial fixed assets, net	133	-208	54	20	-73
Operating profit	136,931	167,543	105,639	657,989	568,233
Appropriations	-494,047		-412,589	-494,047	-412,589
Taxes, Note 8	366,007	-34,514	65,009	258,669	-33,986
Profit	8,891	133,029	-241,941	422,611	121,658

Balance sheet highlights

	Amounts in SEK thousand	
	31/12/2021	31/12/2020
Treasury bills eligible as collateral etc.	1,586,148	1,331,203
Lending to credit institutions	2,233,864	2,483,630
Lending to the public	16,872,156	16,279,476
Bonds and other interest-bearing securities	1,452,687	1,825,984
Shares and participations in associates and other companies	10,899	9,761
Shares and participations in Group companies	6,742	6,742
Intangible non-current assets	19,047	20,182
Tangible assets: inventory	5,877	9,547
Tangible assets: lease items	21,797,175	21,405,350
Other assets*	770,076	708,016
Deferred tax asset, Note 8	292,000	-
Prepaid expenses and accrued income	65,434	62,540
Total assets, Note 11	45,112,105	44,142,431
Liabilities to credit institutions	1,069,048	1,230,952
Deposits and borrowing from the public	21,794,994	22,308,794
Securities issued	13,092,362	12,108,909
Other liabilities*	1,032,997	1,056,746
Accrued expenses and deferred income	1,311,938	1,329,853
Subordinated liabilities	400,000	400,000
Total liabilities, Note 11	38,701,339	38,435,254
Untaxed reserves	5,533,095	5,039,048
Equity	877,671	668,129
Total liabilities and equity	45,112,105	44,142,431
* Of which derivative instruments with positive and negative market values		
Derivative instruments with positive market value	8,840	9,933
Derivative instruments with negative market value	-36,484	-76,404

Change in equity

	Amounts in SEK thousand				
	Share capital	Restricted equity		Non-restricted equity	Total equity
		Statutory reserve	Development fund	Retained earnings	
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 year	-	-	-	422,611	422,611
Transfer, internally generated development costs	-	-	-1,135	1,135	-
Total before transactions with shareholders	400,000	20,000	19,047	651,693	1,090,740
Dividend	-	-	-	-213,069	-213,069
Closing equity, 31 December 2021	400,000	20,000	19,047	438,624	877,671

Cash flow statement

	Amounts in SEK thousand	
	2021 Jan–Dec	2020 Jan–Dec
Operating activities		
Operating profit	657,989	568,233
Adjustment of items not included in cash flow		
Unrealised portion of net result from financial transactions	6,178	-1,698
Depreciations, amortisation, impairments	5,753,371	5,423,123
Credit losses	10,848	21,651
Paid/refunded (-/+) tax	-37,132	-8,479
Changes to assets and liabilities in operating activities		
Treasury bills eligible as collateral etc.	-254,945	98,746
Lending to the public	-605,388	979,012
Bonds and other interest-bearing securities	373,297	523,569
Deposits and borrowing from the public	-513,800	1,092,059
Liabilities to credit institutions	-161,905	-361,905
Other assets	-59,294	205,167
Securities issued	983,453	-982,828
Other liabilities	-47,841	-173,437
Cash flow from operating activities	6,104,831	7,383,213
Investing activities		
Capitalised development expenditures	-7,162	-11,816
Investments in shares and participations	-2,264	-
Disposal/redemption of shares and participations	1,126	1,496
Disposal of tangible assets	3,990,081	4,570,000
Acquisition of tangible assets	-10,123,309	-10,740,553
Cash flow from investing activities	-6,141,528	-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
Cash flow from operating activities	6,104,831	7,383,213
Cash flow from investing activities	-6,141,528	-6,180,873
Cash flow from financing activities	-213,069	-
Cash and cash equivalents at end of period	2,233,864	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

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
- Choice of method for a deferred tax asset applicable to a tax reduction for investments in inventory acquired in 2021.

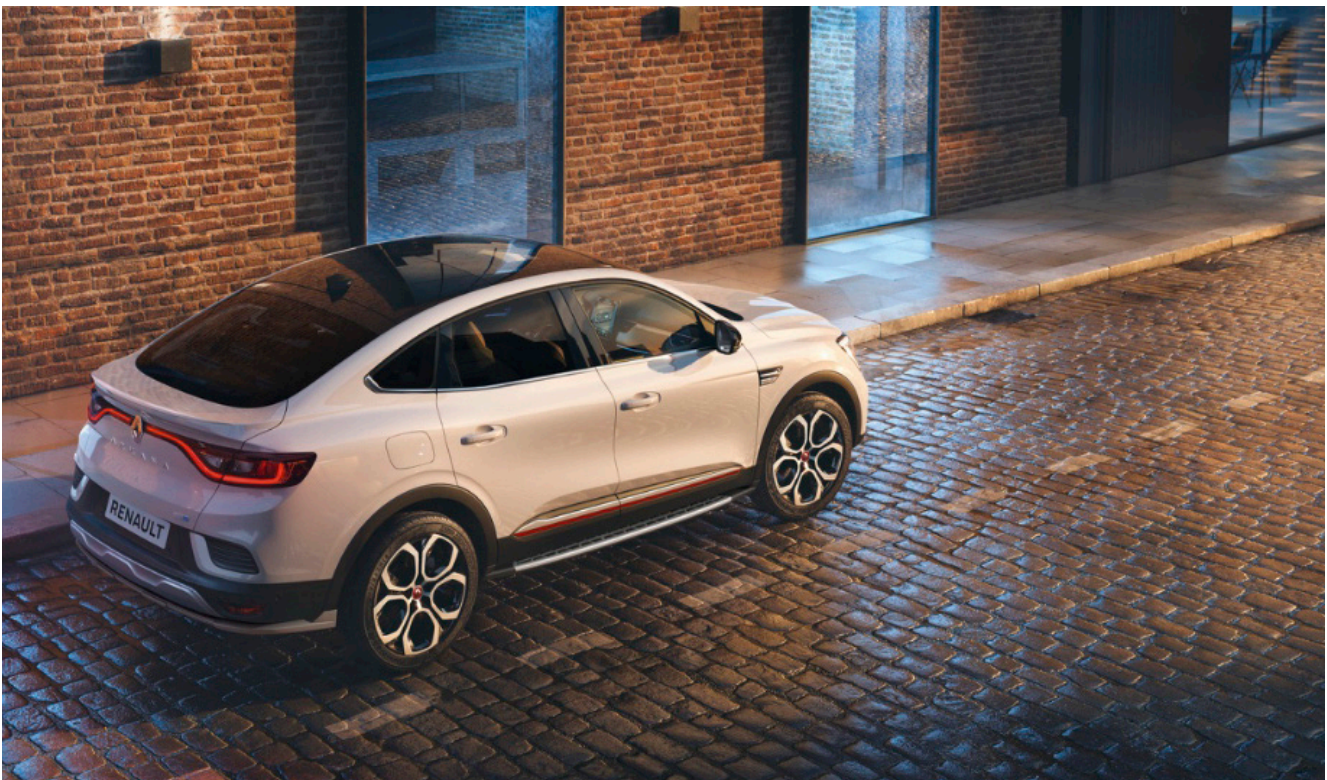
The areas where there may be uncertainty concerning the estimation of assumptions on credit loss impairments, estimations of expected residual values for lease objects and uncertainty as to how large a part of the lease stock will be redeemed early or disposed of in some other way in 2022.

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 3%, 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 61,213 cars, equivalent to a market share of 20.3%, 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 solutions, we focus intensely on living up to our customer promise of flexible, simple and smarter payments.

	Amounts in SEK thousand		
	2021 Jan–Dec	2020 Jan–Dec	Change
Net interest income and net leasing*	562,278	569,820	-7,542
Change in impairment of operational leases	-48,176	-10,885	-37,292
Dividends received	46	241	-195
Commission income	221,137	247,051	-25,914
Commission expenses	-55,325	-76,053	20,728
Net result from financial transactions	9,632	-2,043	11,675
Other income	5,244	5,341	-97
Operating income	694,836	733,473	-38,637
Overhead expenses**	-382,563	-365,048	-17,515
Credit losses	-15,008	-17,699	2,691
Credit risk provision	2,121	-1,279	3,400
Operating profit	299,386	349,447	-50,061

* 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	31/12/2021	31/12/2020	Change
Number of contracts	182,001	192,489	-10,488
Total volume, SEK million	25,042	25,649	-607
of which transferred, %	94.0	93.8	0.2
of which pledged, %	6.0	6.2	-0.2
of which loans, %	44.9	45.7	-0.8
of which leases, %	55.1	54.3	0.8
Private leasing as a proportion of total leases, %	27.3	25.1	2.2

Product information, cards	31/12/2021	31/12/2020	Change
Average number of active accounts	392,230	396,745	-4,515
Total volume, SEK million	1,810	1,590	220
Average number of credit customers	74,897	81,180	-6,283
Total sales Volvo Card, SEK million	15,413	13,802	1,611
of which fuel, %	34.8	34.0	0.8
of which workshop, %	17.3	18.3	-1.0
of which retail store, %	1.0	1.3	-0.3
of which car wash, %	1.2	1.4	-0.1
of which sales outside Volvo dealers, %	39.3	36.8	2.6
of which other (incl. car loans and insurance), %	6.3	8.2	-2.0

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.

The demand for HGVs is very high, but production and customer delivery are affected negatively by shortage of semiconductors and other components as a result of the ongoing pandemic. 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–Dec	2020 Jan–Dec	Change
Net interest income*	55,498	48,846	6,652
Commission income	8,376	9,390	-1,014
Commission expenses	-513	-162	-351
Net result from financial transactions	219	-303	522
Other income	258	49	209
Operating income	63,838	57,820	6,018
Overhead expenses**	-31,994	-28,452	-3,542
Credit losses	-5	-299	294
Credit risk provision	138	-33	171
Operating profit	31,977	29,036	2,941

* 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	31/12/2021	31/12/2020	Change
Number of contracts	7,832	6,419	1,413
Total volume, SEK million	5,246	4,188	1,058
of which transferred, %	84.8	81.1	3.7
of which pledged, %	15.2	18.9	-3.7
of which loans, %	80.0	76.8	3.2
of which leases, %	20.0	23.2	-3.2
Operational leasing as a proportion of total leases, %	20.1	22.9	-2.8



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 December 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 89 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–Dec	2020 Jan–Dec	Change
Leasing, net*	78,498	68,320	10,178
Change in impairment of operational leases	3,580	-13,074	16,654
Commission income	287,833	200,491	87,342
Commission expenses	2,802	-638	3,440
Net result from financial transactions	528	-626	1,154
Service and repair contracts	60,176	58,895	1,281
Other income	1,320	745	575
Operating income	434,738	314,114	120,624
Overhead expenses**	-117,046	-111,640	-5,406
Credit losses	-278	-650	372
Credit risk provision	9,212	-12,049	21,261
Operating profit	326,626	189,775	136,851

* Including depreciation of lease items.

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

Product Information	31/12/2021	31/12/2020	Change
Number of financing contracts	36,905	36,392	513
Number of administered contracts	48,408	47,741	667
Total volume, SEK million	8,756	8,408	348
of which operational leases, %	72.7	71.7	1.0
of which financial leases, %	27.3	28.3	-1.0

NOTE 4. DISCLOSURES, LOANS AND LEASES

31/12/2021	Loans	Leasing	Total
Number of contracts	116,594	118,465	235,059
Average contract, SEK thousand	132	207	170
Collateral value, SEK million	15,428	24,494	39,922
Credit utilised, SEK million	14,843	21,929	36,772
Loan-to-value ratio	96	90	92

31/12/2020	Loans	Leasing	Total
Number of contracts	122,598	121,321	243,919
Average contract, SEK thousand	122	197	159
Collateral value, SEK million	14,952	23,949	38,901
Credit utilised, SEK million	14,422	21,540	35,962
Loan-to-value ratio	96	90	92

NOTE 5. LEASE INCOME AND ACCUMULATED NET INTEREST

INCOME

	Amounts in SEK thousand				
	2021 Q4	2021 Q3	2020 Q4	2021 Jan–Dec	2020 Jan–Dec
Lease income from operational and financial leases	1,573,557	1,523,302	1,478,584	6,158,786	5,835,615
Depreciations, leased items	-1,464,805	-1,406,737	-1,368,844	-5,703,751	-5,378,296
Impairment charges / Reversals; lease item credit risk	1,585	582	2,171	7,008	-10,285
Impairment charges / Reversals; lease item residual value risk	-25,124	-7,098	-38,138	-44,597	-23,958
Leasing, net	85,213	110,049	73,771	417,446	423,076
Interest income	129,914	131,847	126,217	522,265	556,789
Interest expenses	-68,458	-70,373	-70,045	-281,025	-327,147
Net interest income	61,457	61,474	56,172	241,240	229,642
Accumulated net interest income	146,670	171,523	129,945	658,685	652,718

NOTE 6. OTHER OPERATING INCOME

	Amounts in SEK thousand	
	2021 Jan–Dec	2020 Jan–Dec
Capital gains on the sale of tangible assets	2,266	1,407
Revenues, service and repair contracts	60,175	58,885
Income from associated companies	1,910	1,836
Other operating income	2,646	2,902
Total	66,997	65,030

NOTE 7. CREDIT LOSSES, NET

Credit losses	Amounts in SEK thousand	
	31/12/2021	31/12/2020
Loans at amortised cost (incl. unused part of limit)		
Provisions – stage 1	11,004	12,372
Provisions – stage 2	8,696	10,118
Provisions – stage 3	2,722	4,375
Total reserve	22,422	26,865
	2021	2020
	Jan–Dec	Jan–Dec
Loans at amortised cost (incl. unused part of limit)		
Change in provisions – stage 1	1,368	-2,874
Change in provisions – stage 2	1,422	-1,954
Change in provisions – stage 3	1,653	1,825
Total change in provisions	4,443	-3,003
Write-off, confirmed credit losses	-17,490	-20,023
Recoveries of previously confirmed credit losses	2,477	2,026
Total	-15,013	-17,997
Credit losses, net*	-10,570	-21,000

* Should be read together with the line item 'Loans at amortised cost' in the note's first table for comparison with the income statement overview and the line item 'Credit losses, net' in Note 7.

Credit losses	Amounts in SEK thousand	
	31/12/2021	31/12/2020
Lease assets at accrued cost		
Provisions – stage 1	2,317	3,427
Provisions – stage 2	194	198
Provisions – stage 3	1,110	7,005
Total reserve	3,621	10,630
	2021	2020
	Jan–Dec	Jan–Dec
Lease assets at accrued cost		
Change in provisions – stage 1	1,109	-3,292
Change in provisions – stage 2	4	-160
Change in provisions – stage 3	5,895	-6,833
Total change in provisions**	7,008	-10,285
Write-off, confirmed credit losses	-364	-743
Recoveries of previously confirmed credit losses	86	93
Total***	-278	-650
Credit losses, net	6,730	-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 'Loans at amortised cost' in the note's first table for comparison with the income statement overview and the line item 'Credit losses, net' in Note 7.

Credit losses	Amounts in SEK thousand	
	31/12/2021	31/12/2020
Financial fixed assets		
Provisions – stage 1	897	917
Provisions – stage 2	-	-
Provisions – stage 3	-	-
Total reserve	897	917
	2021	2020
	Jan–Dec	Jan–Dec
Financial fixed assets		
Change in provisions – stage 1	20	-73
Change in provisions – stage 2	-	-
Change in provisions – stage 3	-	-
Total change in provisions	20	-73
Credit losses, net****	20	-73

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

	Amounts in SEK thousand	
	31/12/2021	31/12/2020
Credit losses		
Total assets		
Provisions – stage 1	14,218	16,715
Provisions – stage 2	8,890	10,316
Provisions – stage 3	3,832	11,380
Total reserve	26,940	38,411
	2021	2020
	Jan–Dec	Jan–Dec
Total assets		
Change in provisions – stage 1	2,497	-6,240
Change in provisions – stage 2	1,426	-2,114
Change in provisions – stage 3	7,548	-5,008
Total change in provisions	11,471	-13,362
Write-off, confirmed credit losses	-17,854	-20,766
Recoveries of previously confirmed credit losses	2,563	2,119
Total	-15,291	-18,647
Credit losses, net	-3,820	-32,009

NOTE 8. TAX

	Amounts in SEK thousand	
	2021 Jan–Dec	2020 Jan–Dec
Current tax	-33,331	-33,986
Deferred tax income with regard to other unutilised tax deductions	292,000	-
Tax	258,669	-33,986

In October 2021, parliament resolved to introduce a tax reduction for investments in inventory acquired during 2021. A tax reduction of 3.9% may be used for tangible assets and lease items remaining at year-end 2022. As of 31/12/2021, Volvofinans Bank reported an accrued tax asset of SEK 292 million in accordance with IAS 12. There is a degree of uncertainty concerning the item, primarily due to the bank's not knowing how large a part of the lease stock will be redeemed early or disposed of in some other way in 2022.

NOTE 9. LEVERAGE RATIO

	Amounts in SEK thousand	
	31/12/2021	31/12/2020
Tier 1 capital	4,722,671	4,282,284
Exposure measurement	43,742,447	43,736,444
Leverage ratio, %	10.80	9.79
Leverage ratio 3%	1,312,273	1,312,093



NOTE 10. CAPITAL ADEQUACY ANALYSIS

KEY RATIOS

	Amounts in SEK thousand		
	31/12/2021	30/09/2021	30/06/2021
Available capital base (amount)			
Common Equity Tier 1 (CET1) capital	4,722,671	4,608,800	4,486,705
Tier 1 capital	4,722,671	4,608,800	4,486,705
Total capital	5,122,671	5,008,800	4,886,705
Risk-weighted exposure amounts			
Total risk-weighted exposure amount	22,193,673	21,926,932	22,418,423
Capital ratio (as a percentage of the risk-weighted exposure amount)			
Common Equity Tier 1 capital ratio, %	21.3	21.0	20.0
Tier 1 ratio, %	21.3	21.0	20.0
Total capital ratio, %	23.1	22.8	21.8
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of the risk-weighted amount of exposure)			
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	8.0
Combined buffer and overall capital requirement (as a percentage of the risk-weighted amount of exposure)			
Capital conservation buffer, %	2.5	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, %	-	-	-
System risk buffer, %	-	-	-
Global Systemically Important Institution buffer, %	-	-	-
Other systemically important institution buffer, %	-	-	-
Combined buffer requirement, %	2.5	2.5	2.5
Overall capital requirements, %	10.5	10.5	10.5
CET1 available after meeting the total SREP own funds requirements, %	16.8	16.5	15.5
Leverage ratio			
Total exposure measure	43,742,447	43,900,020	44,781,889
Leverage ratio, %	10.8	10.5	10.0
Additional own funds requirements to address the risk of excessive leverage (as a percentage of the 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	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	3.0
Liquidity Coverage Ratio			
Total high-quality liquid assets (HQLA) (Weighted value - average)*	2,349,990	2,356,091	2,395,990
Cash outflows - Total weighted value*	4,116,682	4,067,382	4,014,465
Cash inflows - Total weighted value*	3,432,408	3,361,002	3,450,256
Total net cash outflows (adjusted value)	1,029,171	1,016,845	1,003,616
Liquidity Coverage Ratio, %	228	232	239
Net stable funding ratio			
Total available stable funding	37,317,968	37,863,750	38,669,416
Total required stable funding	32,257,347	32,374,247	33,048,094
Net stable funding ratio, %	116	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	
	31/12/2021	31/12/2020
Common Equity Tier 1 capital: instruments and reserves		
Capital instruments and the related share premium accounts	400,000	400,000
Retained earnings	16,013	14,878
Accumulated other comprehensive income (and other reserves)	4,432,324	4,041,185
Net interim profit after deductions for predictable expenses and dividends verified by persons in an independent position.	292,000	-
Common Equity Tier 1 capital before regulatory adjustments	5,140,337	4,456,063
Common Equity Tier 1 capital: regulatory adjustments		
Further value adjustments (negative amount)	-48	-86
Intangible assets	-19,047	-20,182
Deferred tax assets that are dependent on future profitability, except those that arise as a result of temporary differences.*	-292,000	-
Negative amounts resulting from the calculation of expected loss amount	-106,571	-153,511
Total regulatory adjustments to Common Equity Tier 1 capital	-417,666	-173,779
Common Equity Tier 1 (CET1) capital	4,722,671	4,282,284
Tier 1 capital contribution: Instrument		
Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Tier 1 capital contribution)	4,722,671	4,282,284
Tier 2 capital: instruments and provisions		
Capital instruments and the related share premium accounts	400,000	400,000
Tier 2 capital before regulatory adjustments	400,000	400,000
Tier 2 capital: regulatory adjustments		
Tier 2 capital	400,000	400,000
Total capital (Common Equity Tier 1 capital + Tier 2 capital)	5,122,671	4,682,284
Total risk-weighted assets	22,193,673	21,368,095

* After a reduction for an associated tax liability when the conditions in article 38.3 are met. Negative amount.

CAPITAL RATIOS AND BUFFERS

	Amounts in SEK thousand	
	31/12/2021	31/12/2020
Risk-weighted assets	22,193,673	21,368,095
Common Equity Tier 1 capital ratio, %	21.28	20.04
Tier 1 capital ratio, %	21.28	20.04
Total capital ratio, %	23.08	21.91
Institution-specific Common Equity Tier 1 capital requirements including buffer requirements, %	7.00	7.00
of which requirement for capital conservation buffer, %	2.50	2.50
of which requirement for countercyclical buffer, %	-	-
Total capital requirement, %	12.40	12.64
Common Equity Tier 1 capital available for use as a buffer, %	16.78	15.54
Common Equity Tier 1 capital available for use as a buffer	3,723,956	3,320,720

INTERNALLY ASSESSED CAPITAL REQUIREMENT

	Amounts in SEK thousand					
	31/12/2021			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
Credit risk	1,604,337	7.2%	4.1%	1,547,001	7.2%	4.1%
Operational risk	170,024	0.8%	0.4%	160,693	0.8%	0.4%
CVA risk	1,133	0.0%	0.0%	1,754	0.0%	0.0%
Pillar 1 capital requirement	1,775,494	8.0%	4.5%	1,709,448	8.0%	4.5%
Concentration risk	257,363	1.2%	0.8%	305,968	1.4%	1.0%
Strategic risk	88,775	0.4%	0.3%	85,472	0.4%	0.3%
Market risk	75,744	0.3%	0.2%	65,000	0.3%	0.2%
Pillar 2 capital requirement*	421,882	1.9%	1.3%	456,440	2.1%	1.4%
Capital conservation buffer	554,842	2.5%	2.5%	534,202	2.5%	2.5%
Countercyclical capital buffer	-	-	-	-	-	-
Combined buffer requirement	554,842	2.5%	2.5%	534,202	2.5%	2.5%
Capital requirements	2,752,218	12.4%	8.2%	2,700,090	12.6%	8.4%
Capital base	5,122,671	-	-	4,682,284	-	-
Capital surplus	2,370,453	-	-	1,982,194	-	-

* The bank has not yet received an assessment from the 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

	Amounts in SEK thousand					
	31/12/2021			31/12/2020		
	Capital requirement	Risk-weighted exposure amount	Average risk weighting	Capital requirement	Risk-weighted exposure amount	Average risk weighting
Credit risk IRB						
Corporate exposures	532,525	6,656,565	69.5%	533,128	6,664,099	73.9%
Retail exposures	599,089	7,488,610	24.0%	564,542	7,056,770	22.3%
Non credit-obligation assets exposure	382,050	4,775,621	100.0%	355,402	4,442,526	100.0%
Total IRB	1,513,664	18,920,795	41.0%	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	140	1,746	20.0%	762	9,528	100.0%
Exposures to institutions	37,380	467,254	20.0%	41,969	524,608	20.0%
Corporate exposures	18,841	235,516	89.3%	13,477	168,464	93.1%
Retail exposures	23,700	296,249	62.1%	25,114	313,921	66.3%
Exposures in default	229	2,867	150.0%	245	3,069	150.0%
Covered bonds	6,821	85,268	10.0%	9,008	112,602	10.0%
Share exposures	1,411	17,641	100.0%	1,320	16,503	100.0%
Other items	2,150	26,873	100.0%	2,034	25,428	100.0%
Total STD	90,673	1,133,414	20.0%	93,929	1,174,123	19.9%
Total	1,604,337	20,054,209	39.1%	1,547,001	19,337,518	37.9%
Operational risk	170,024	2,125,302	-	160,693	2,008,657	-
Credit value adjustment (CVA)	1,133	14,161	-	1,754	21,920	-
Total minimum capital requirement and risk-weighted exposure amount	1,775,494	22,193,673	-	1,709,448	21,368,095	-

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. Deposits and borrowings from the general public are calculated by estimating borrowing spreads (Level 3); the carrying amount is considered to be a good approximation of fair value due to the short remaining term. 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					
Assets, Jan–Dec 2021	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Treasury bills eligible as collateral etc.	1,587,079	-	-	1,587,079	1,586,148
Lending to credit institutions	-	-	2,233,864	2,233,864	2,233,864
Lending to the public	-	-	17,402,509	17,402,509	16,872,156
Bonds and other interest-bearing securities	853,433	600,011	-	1,453,444	1,452,687
Other assets*	-	8,840	761,236	770,076	770,076
Prepaid expenses and accrued income	-	-	65,434	65,434	65,434
Total	2,440,512	608,851	20,463,043	23,512,406	22,980,365
Liabilities, Jan–Dec 2021	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Liabilities to credit institutions	-	-	1,075,111	1,075,111	1,069,048
Deposits and borrowing from the public	-	-	21,794,998	21,794,998	21,794,994
Securities issued	-	13,171,022	-	13,171,022	13,092,362
Other liabilities*	-	39,484	993,513	1,032,997	1,032,997
Accrued expenses and deferred income	-	-	1,311,938	1,311,938	1,311,938
Subordinated liabilities	-	425,215	-	425,215	400,000
Total	-	13,635,721	25,175,560	38,811,281	38,701,339
Assets, Jan–Dec 2020	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Treasury bills eligible as collateral etc.	1,331,306	-	-	1,331,306	1,331,203
Lending to credit institutions	-	-	2,483,630	2,483,630	2,483,630
Lending to the public	-	-	16,804,095	16,804,095	16,279,476
Bonds and other interest-bearing securities	1,126,856	699,963	-	1,826,819	1,825,984
Other assets*	-	9,933	698,083	708,016	708,016
Prepaid expenses and accrued income	-	-	62,540	62,540	62,540
Total	2,458,162	709,896	20,048,348	23,216,406	22,690,849
Liabilities, Jan–Dec 2020	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Liabilities to credit institutions	-	-	1,238,703	1,238,703	1,230,952
Deposits and borrowing from the public	-	-	22,308,794	22,308,794	22,308,794
Securities issued	-	12,206,083	-	12,206,083	12,108,909
Other liabilities*	-	76,404	980,342	1,056,746	1,056,746
Accrued expenses and deferred income	-	-	1,329,853	1,329,853	1,329,853
Subordinated liabilities	-	406,395	-	406,395	400,000
Total	-	12,688,882	25,857,692	38,546,574	38,435,254

* 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. Assets for derivative agreements amount to SEK 8.8 million and liabilities to SEK 39.5 million. Securities in the amount of SEK 3.5 million were received and assets of SEK 35.9 million were pledged as of 31 December 2021.

Fair value assets and liabilities per category

Amounts in SEK thousand					
Assets	Financial assets measured at amortised cost	Derivatives in hedge account- ing	Other assets*	Total	Fair value
31/12/2021					
Treasury bills eligible as collateral etc.	1,586,148	-	-	1,586,148	1,587,079
Lending to credit institutions	2,233,864	-	-	2,233,864	2,233,864
Lending to the public	16,872,156	-	-	16,872,156	17,402,509
Bonds and other interest-bearing securities	1,452,687	-	-	1,452,687	1,453,444
Shares and participations in associates and other companies	-	-	10,899	10,899	-
Shares and participations in Group companies	-	-	6,742	6,742	-
Intangible non-current assets	-	-	19,047	19,047	-
Tangible assets: inventory	-	-	5,877	5,877	-
Tangible assets: lease items	-	-	21,797,175	21,797,175	-
Other assets	613,772	5,937	150,367	770,076	770,076
Deferred tax asset	-	-	292,000	292,000	-
Prepaid expenses and accrued income	65,434	-	-	65,434	65,434
Total assets	22,824,061	5,937	22,282,107	45,112,105	
Liabilities					
Liabilities	Non-financial liabilities	Derivatives in hedge account- ing	Other financial liabilities**	Total	Fair value
31/12/2021					
Liabilities to credit institutions	-	-	1,069,048	1,069,048	1,075,111
Deposits and borrowing from the public	-	-	21,794,994	21,794,994	21,794,998
Securities issued	-	-	13,092,362	13,092,362	13,171,022
Other liabilities	377,785	6,235	648,977	1,032,997	1,032,997
Accrued expenses and deferred income	1,295,828	-	16,110	1,311,938	1,311,938
Subordinated liabilities	-	-	400,000	400,000	425,215
Total liabilities	1,673,613	6,235	37,021,491	38,701,339	

* Non-hedged derivatives totalling SEK 2,903 thousand are included in the item other liabilities and are measured mandatorily at fair value via the income statement.

** Non-hedged derivatives totalling SEK 33,249 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 account- ing	Other assets*	Total	Fair value
31/12/2020					
Treasury bills eligible as collateral etc.	1,331,203	-	-	1,331,203	1,331,306
Lending to credit institutions	2,483,630	-	-	2,483,630	2,483,630
Lending to the public	16,279,476	-	-	16,279,476	16,804,095
Bonds and other interest-bearing securities	1,825,984	-	-	1,825,984	1,826,820
Shares and participations in associates and other companies	-	-	9,761	9,761	-
Shares and participations in Group companies	-	-	6,742	6,742	-
Intangible non-current assets	-	-	20,182	20,182	-
Tangible assets: inventory	-	-	9,547	9,547	-
Tangible assets: lease items	-	-	21,405,350	21,405,350	-
Other assets	500,052	9,834	198,130	708,016	708,016
Deferred tax asset	-	-	-	-	-
Prepaid expenses and accrued income	62,540	-	-	62,540	62,540
Total assets	22,482,885	9,834	21,649,712	44,142,431	
Liabilities					
Liabilities	Non-financial liabilities	Derivatives in hedge account- ing	Other financial liabilities**	Total	Fair value
31/12/2020					
Liabilities to credit institutions	-	-	1,230,952	1,230,952	1,238,703
Deposits and borrowing from the public	-	-	22,308,794	22,308,794	22,308,794
Securities issued	-	-	12,108,909	12,108,909	12,206,083
Other liabilities	341,675	625	714,446	1,056,746	1,056,746
Accrued expenses and deferred income	1,313,121	-	16,732	1,329,853	1,329,853
Subordinated liabilities	-	-	400,000	400,000	406,395
Total liabilities	1,654,796	625	36,779,833	38,435,254	

* Non-hedged derivatives totalling SEK 99 thousand are included in the item other liabilities and are measured mandatorily at fair value via the income statement.

** Non-hedged derivatives totalling SEK 75,779 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	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Balance sheet						
Assets	6,742	6,742	25,530	44,410	1,340,529	1,414,308
Liabilities	6,789	6,789	94,637	91,227	348,742	274,072
Income statement						
Interest income	-	-	1,135	1,047	10	-
Lease income	-	-	-	-	147,118	139,049
Interest expenses	-	-	-83	-112	-	-126
Commission income	-	-	-	-	617	668
Other operating income	-	-	1,910	1,836	-	-
Total	-	-	2,962	2,771	147,745	139,591

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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