

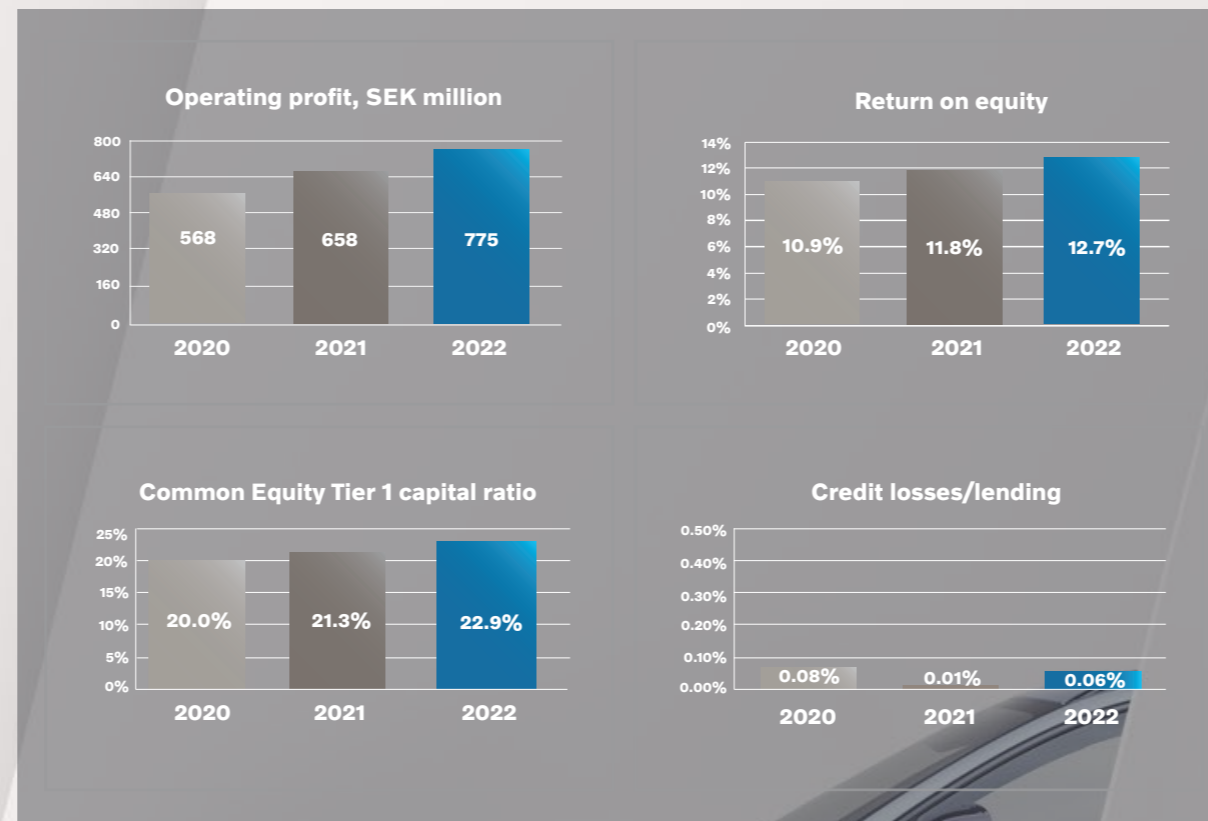
A top-down photograph of a dark blue Volvo car's front left side. A yellow charging cable is plugged into the car's charging port. The cable runs across a grey concrete floor to a yellow, cube-shaped charging station. The text 'YEAR-END REPORT 2022' is centered in the upper half of the image, and 'VOLVOFINANS BANK' is at the bottom.

YEAR-END REPORT
2022

VOLVOFINANS BANK

SUMMARY

2022





INTRODUCTION AND FINANCIAL STATEMENTS

STATEMENT BY THE CEO

VolvoFinans Bank continues to deliver very healthy KPIs and 2022 was no exception with an operating profit of SEK 775 million (658) and an ROE of 12.7%. The biggest changes in earnings are attributable to increased net interest income and a favourable market for second-hand cars. This despite having witnessed a year replete with drama, misery and geopolitical uncertainty not least because of the war that broke out in Europe at the beginning of the year. Among the consequences are rising interest rates, rapidly rising inflation and increasing unemployment in a year that has affected us all in one way or another. Despite the circumstances, I would still like to take the opportunity to point out a few bright spots that 2022 brought along.

Following a strong finish to the year, lending increased by SEK 1.2 billion to SEK 39.9 billion (38.7) at year-end, which is impressive considering the delivery challenges we saw in the way of component shortages at our carmaker partners. However, the fourth quarter was a brilliant exception with almost 18,000 new Volvo cars delivered, which is 63% more than in the same period in 2021. VolvoFinans Bank finances the majority of these cars except Volvo Cars' own operational leasing product for new cars – Care by Volvo. Thus, the increase shows the strength of the bank's value proposition with a diversified mix of products and services in financing and vehicle-related services, especially in the corporate segment and second-hand vehicle financing.

Development in segments

Swedish new vehicle registrations for full-year 2022 fell by just over 4% to 288,000. Despite the strong finish to the year, Volvo lost registrations across the market as a brand. Polestar continues its growth journey as a new car marque in the market, and presented an excellent increase of 56% more registrations.

A clear, ongoing trend is that the proportion of rechargeable cars continues to grow among new car registrations; during 2022, rechargeable cars totalled 56%, compared to 45% last year. Purely electric cars make up the majority with 95,000 cars or 33%, having increased by 65% compared to 2021, and in December alone their share was no less than 51%. The important transition to electrified vehicles will hopefully continue despite the demise of the green car bonus.

Happily, we also note that electrification is now even discernible among light trucks, which stood for 14.5% of annual registrations in Sweden. As with the passenger car market, new registrations on the truck side were also naturally affected by production disruptions, and the number of registered heavy trucks (> 16 tons) totalled 5,492, an increase of just over 3.5%. With 45% of new registrations, Volvo Trucks is the market leader.



“With our very healthy KPIs, we will continue making investments to build the Mobility Bank”

VolvoFinans Bank's operating segments – Cars, Fleet and Trucks – have all delivered profits that are better than expected. In Cars, which is the bank's biggest segment in terms of an interest-bearing volume of SEK 25.7 billion including our credit card and digital payment solutions, profit increased by SEK 66 million to SEK 366 million (299). The improvement in profits is mainly explained by an increase in net interest income as a result of rising market interest rates. In the Fleet segment, where we are market leader with SEK 9.3 billion in lending volumes, profit increased further from last year's record to SEK 367 million (327) where positive effects from the disposal of cars in operational leases are the principal explanation. Finally Trucks, the bank's heavy goods vehicle business with SEK 4.9 billion in financing, where an increase in profit by a considerable 32% to SEK 42 million (32) is explained by higher net interest income partly driven by growth in lending volume.

Keys to the Green City

VolvoFinans Bank strives to enable movement and the use of sustainable mobility for every type of transport. By combining our financial abilities, we seek to be a one-stop shop for our private and corporate customers in every segment. We have for many years talked about VolvoFinans Bank's journey toward an emerging green society, where we aim to occupy the vacant position as the Mobility Bank. The excellent growth in profits in recent years has given us the ability to continue investing in this exciting journey toward change. We added new skills to our portfolio during the year and presented them to our customers. For example, in our financing business we launched “CarPay Green Car Loan”, which is financed via our green bonds. We have expanded the bonus system in our payment and loyalty services to provide our customers with the ability to use their bonus checks for vehicle charging while also earning twice as many bonus points.

An exciting development toward fully electrified vehicles is taking place at our partners, and in the segment for slightly larger SUVs, the launch of the flagships Volvo EX90 from Volvo Cars and Polestar 3 from Polestar has added two cars to the premium EV segment. Exciting progress is also being made at Volvo Trucks with the electric models Volvo FH, FM and FMX Electric.

Summary

Despite uncertain macro economic parameters, we begin 2023 with optimism, and with our very healthy KPIs we will continue making investments to build the Mobility Bank and go on developing a well-diversified value proposition in our industry.

In conclusion, I would like to extend a big thank you to our customers and partners. I would also like to thank our fantastic employees, who with their enormous commitment and drive are building tomorrow's bank for mobility with sustainable transportation.

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 3 February 2023.



JAN-DEC 2022 IN SUMMARY

Operating profit:
SEK 775 million (658)

Return on equity:
12.7% (11.8)

Lending as of 31 December:
SEK 39.9 billion (38.7)

Credit losses
SEK 24.2 million (3.8)

Common Equity Tier 1 capital ratio:
22.9% (21.3)

Cost/Income ratio:
0.45 (0.44)



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 39.9 billion compared to 38.7 billion in the previous year.

Trucks accounted for SEK 4.9 billion (4.4) of lending, equivalent to 12% (11) of the total. Fleet accounted for SEK 9.3 billion (8.8) of lending or 23% (23) and Volvo Card for 5% (5) or SEK 1.9 billion (1.8). The remainder, 23.8 billion (23.7) is attributable to passenger car financing in business area Cars, which corresponds to 60% (61) 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 775.2 million (658.0), which is SEK 117.2 million or 18% higher year-over-year. The bank's net interest income and net leasing improved during the year by SEK 139.3 million mainly due to borrowing. Prices for second-hand cars continue to be high, which is reflected in the bank's gains from the disposal of vehicles returned from operational leasing. The surplus on sales of these cars is SEK 57.4 million higher than in the previous year. Moving forward, the demand for second-hand cars is expected to fall as a result of deteriorating economic conditions and a diminishing shortage of new cars. During the year, the bank made impairments in respect of residual value provisions of SEK 69.6 million (44.6). Due to the deteriorating economic conditions forecast, the macro parameters in the bank's ECL model increased credit loss provisions by SEK 9.2 million (-11.5) during the period.

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 5.9 million (5.5) and for loans and leasing SEK 188.8 million (165.5), of which SEK 185.3 million (163.5) is covered by recourse. Loans subject to deferral totalled SEK 59.9 million (92.0). Verified credit losses of SEK 15.0 million (15.3) 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 provisions for expected credit losses of SEK 9.2 million (-11.5). Thus credit losses for the year totalled SEK 24.2 million (3.8) and the provision for expected credit losses totals SEK 36.2 million (26.9).

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 2022, the bank carried out impairments totalling SEK 69.6 million (44.6) related to residual value risk, mainly due to the bank's increased residual value positions in operational leases. As of 31/12/2022, the bank's residual value positions for operational lease assets totalled SEK 5.8 billion (4.9). The bank carried out impairments totalling SEK 194.5 million (124.9) reported under depreciations, amortisation and impairments of tangible assets.

Funding and liquidity

Deposits in the bank's savings account increased by SEK 1.8 billion in 2022, reaching a total balance of SEK 21.8 billion (20.1) at year-end. Total deposits including the credit balance for the Volvo Card and deposits from Volvo dealerships stood at SEK 23.0 billion (21.8) and accounted for 62% (60) 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.

In the program, shares with a value of SEK 3.9 billion were issued during the year, of which green bonds accounted for SEK 1.5 billion of the issued volume. Own bonds were repurchased for the nominal amount of SEK 0.5 billion. Certificates of deposit relating to short-term borrowing were issued in the amount of SEK 0.6 billion during the year. Volvofinans Bank AB's outstanding financing through its MTN market loan programmes and certificates totalled a nominal SEK 12.4 billion (13.1), of which green bonds accounted for SEK 4.1 billion on 31/12/2022.

In addition to market borrowing and deposits, the bank also finances its activities with bank credit, which totalled SEK 1.4 billion (1.1). The proportion of financing from market loans programmes and the banking sector with remaining maturity of more than one year was 68% (65).

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 undrawn credit facilities. The total liquidity reserve at year-end was SEK 5.7 billion (5.3). The securities holding accounted for SEK 3.7 billion (65%) and non-fixed deposits at other banks totalled SEK 2.0 billion (35%). Volvofinans Bank's

liquidity reserve must always be at least 10% in relation to lending volume. As of 31/12/2022, total lending was SEK 39.9 billion, which means the liquidity reserve corresponded to 14% (14). In addition to the liquidity reserve available and unutilised loan facilities totalled SEK 4.3 billion (4.3).

Volvofinans Bank's liquidity coverage ratio (LCR) under article 415 of the EU Capital Requirements Regulation (CRR), totalled at the end of the quarter 210% (225) and the net stable funding ratio (NSFR), under CRR2, totalled 118% (116).

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 22.9% (21.3) as of 31/12/2022 and the capital requirement was assessed internally to 13.4% (12.5) calculated on the basis of the methods and models used to calculate capital requirement within the framework of Pillar 1. The capital conservation buffer of 2.5% (2.5) of REA was SEK 607 million (555). The counter cyclical buffer value of 1.0 (0.0) per cent of REA totalled SEK 243 million (0). The value will be 2.0% from June 2023.

The leverage ratio was 12.2% (10.8) as of 31/12/2022.

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.

The war in Ukraine

After a period of geopolitical tension, Russia invaded Ukraine on 24 February 2022. As a result of the war, Sweden has experienced higher fuel and energy prices, which mainly impacts transport companies and private individuals. Credit losses in the transport sector may increase if fuel prices remain high. The Board of Directors and management note significant uncertainty in the world at large, and this may lead to lower growth in Sweden affecting both the will to invest and consume and thus demand for the bank's services. The war has further exacerbated global component and raw material flows not least within the automotive sector, which has led to further supply shortages in an already strained situation. In general, the bank sees a worsening security situation in

Europe, especially in the form of cybersecurity threats. Since the outbreak of the war, the cost of borrowing on the bond market has increased. However, the consequences of the war in general have yet to have any material impact on Volvofinans Bank's earnings or position.

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 was no change in the credit rating during the period. A detailed, up-to-date analysis from Moody's can be found on our website, under 'About us / Investor relations / Rating'.

Calendar:

Week 12	Annual Report 2022
5 May 2023	Interim Report January-March 2023
8 June 2023	AGM
25 August 2023	Interim Report January-June 2023
7 November 2023	Interim Report January-September 2023

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, 3 February 2023

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

	31/12/2022	31/12/2021
Return on equity, %	12.69	11.75
Deposits / Lending, %	57.81	56.36
Profit / Risk-weighted assets, %	3.19	2.96
Total capital ratio, %	24.59	23.08
Common Equity Tier 1 capital ratio, %	22.94	21.28
Cost/Income ratio	0.45	0.44
Cost/Income ratio excl. residual value provision	0.40	0.41
Credit losses / Lending, %	0.06	0.01
Liquidity coverage ratio (LCR), %	210	225
NSFR (Net Stable Funding Ratio), %	118	116
Leverage ratio, %	12.2	10.8

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				
	2022 Q4	2022 Q3	2021 Q4	2022 Jan-Dec	2021 Jan-Dec
Interest income	232,495	193,876	135,250	709,272	543,397
Lease income	1,675,340	1,601,186	1,573,557	6,364,920	6,158,786
Interest expenses	-189,006	-125,267	-68,458	-455,369	-281,025
Net interest income, Note 5	1,718,829	1,669,795	1,640,350	6,618,822	6,421,157
Dividends received	11	46	19	75	46
Commission income	97,004	97,456	87,254	389,271	350,281
Commission expenses	-46,956	-47,485	-18,620	-156,594	-139,813
Net result from financial transactions	-456	7,947	2,000	32,384	10,379
Other operating income, Note 6	87,423	68,927	57,164	312,009	259,038
Total operating income	1,855,856	1,796,685	1,768,167	7,195,967	6,901,088
General administration expenses	-141,873	-112,519	-137,676	-495,761	-448,008
Depreciation and impairment of tangible and intangible non-current assets, Note 5	-1,497,411	-1,449,053	-1,491,813	-5,847,030	-5,753,371
Other operating expenses	-15,914	-12,531	1,161	-54,859	-30,892
Total operating expenses	-1,655,198	-1,574,102	-1,628,328	-6,397,650	-6,232,271
Profit before credit losses	200,658	222,583	139,839	798,318	668,817
Credit losses, net, Note 7	-5,324	-4,947	-3,042	-23,118	-10,848
Impairments/Reversals of financial fixed assets, net	-20	-19	133	-17	20
Operating profit	195,313	217,617	136,931	775,183	657,989
Appropriations	853,176	-	-494,047	853,176	-494,047
Taxes, Note 8	-173,917	-44,829	366,007	-293,370	258,669
Profit	874,572	172,788	8,891	1,334,989	422,611

Balance sheet highlights

	Amounts in SEK thousand	
	31/12/2022	31/12/2021
Treasury bills eligible as collateral etc.	1,238,893	1,586,148
Lending to credit institutions	1,987,473	2,233,864
Loans and advances to the public	16,437,193	16,872,075
Bonds and other interest-bearing securities	2,495,493	1,452,687
Shares and participations in other companies	5,467	3,406
Shares and participations in associated companies	8,766	7,493
Shares and participations in Group companies	6,742	6,742
Intangible non-current assets	19,224	19,047
Tangible assets: inventory	3,485	5,877
Tangible assets: lease items	23,426,952	21,797,175
Other assets*	1,213,419	770,076
Deferred tax asset, Note 8	-	292,000
Prepaid expenses and accrued income	76,965	65,434
Total assets, Note 11	46,920,073	45,112,024
Liabilities to credit institutions	1,407,143	1,069,048
Deposits and borrowing from the public	23,044,465	21,794,994
Securities issued	12,383,444	13,092,362
Other liabilities*	1,494,354	1,032,916
Accrued expenses and deferred income	1,428,700	1,311,938
Subordinated liabilities	400,000	400,000
Total liabilities, Note 11	40,158,106	38,701,258
Untaxed reserves	4,679,919	5,533,095
Equity	2,082,049	877,671
Total liabilities and equity	46,920,073	45,112,024

* Of which derivative instruments with positive and negative market values

Derivative instruments with positive market value	37,681	8,840
Derivative instruments with negative market value	-63,134	-39,484



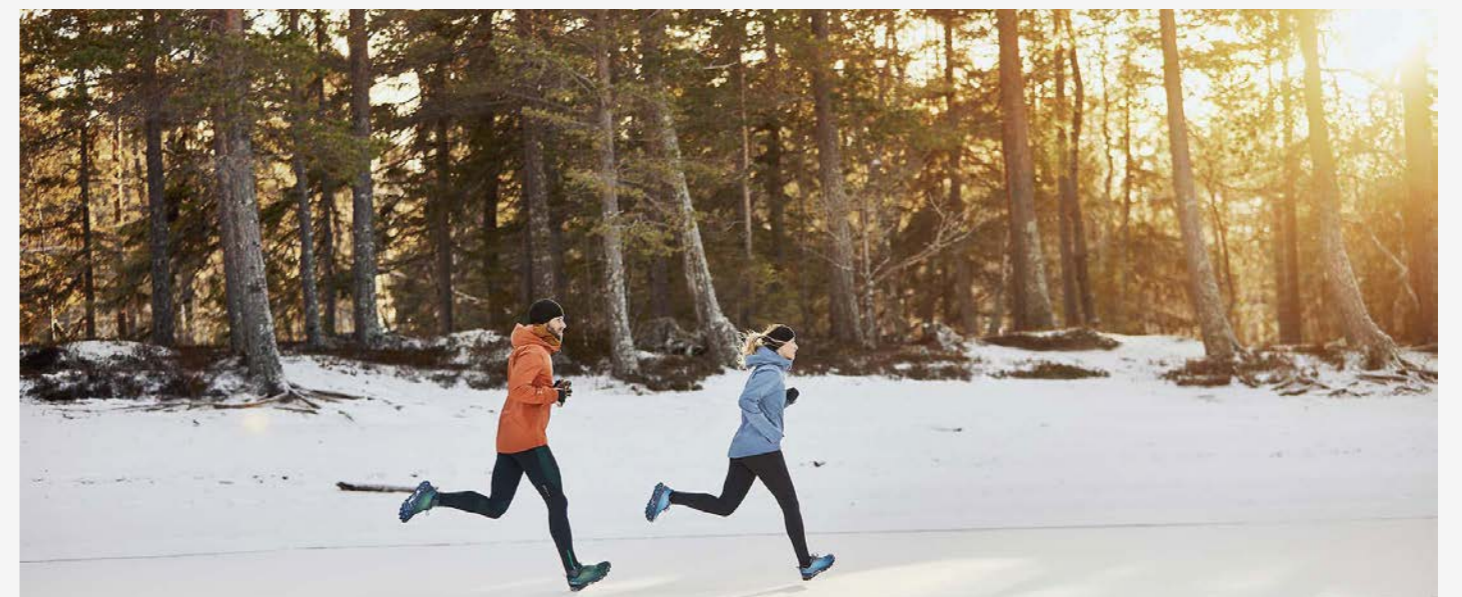
Change in equity

	Amounts in SEK thousand				
	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	-	-	-	422,611	422,611
Capitalisation of development expenditures	-	-	7,163	-7,163	-
Dissolution resulting from development expenditure depreciations for the year	-	-	-8,298	8,298	-
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
	Share capital	Statutory reserve	Development fund	Retained earnings	Total equity
Opening equity, 1 January 2022	400,000	20,000	19,047	438,624	877,671
Profit for the period after tax	-	-	-	1,334,989	1,334,989
Capitalisation of development expenditures	-	-	18,849	-18,849	-
Dissolution resulting from development expenditure depreciations and impairments for the year	-	-	-18,672	18,672	-
Total before transactions with shareholders	400,000	20,000	19,224	1,773,436	2,212,660
Dividend	-	-	-	-130,611	-130,611
Closing equity, 31 December 2022	400,000	20,000	19,224	1,642,825	2,082,049



Cash flow statement

	Amounts in SEK thousand	
	2022 Jan-Dec	2021 Jan-Dec
Operating activities		
Operating profit	775,183	657,989
Adjustment of items not included in cash flow		
Unrealised portion of net result from financial transactions	33,626	6,178
Depreciations, amortisation, impairments	5,847,030	5,753,371
Credit losses	23,117	10,848
Paid/refunded (-/+) tax	-63,814	-37,132
Changes to assets and liabilities in operating activities		
Treasury bills eligible as collateral etc.	347,255	-254,945
Loans and advances to the public	411,910	-605,388
Bonds and other interest-bearing securities	-1,042,806	373,297
Deposits and borrowing from the public	1,249,471	-513,800
Liabilities to credit institutions	338,095	-161,905
Other assets	-392,575	-59,294
Securities issued	-708,918	983,453
Other liabilities	544,573	-47,841
Cash flow from operating activities	7,362,147	6,104,831
Investing activities		
Capitalised development expenditures	-18,849	-7,162
Investments in shares and participations	-2,061	-2,264
Disposal/redemption of shares and participations	-1,273	1,126
Disposal of tangible assets	3,995,200	3,990,081
Acquisition of tangible assets	-11,450,944	-10,123,309
Cash flow from investing activities	-7,477,927	-6,141,528
Financing activities		
Dividends paid	-130,611	-213,069
Cash flow from financing activities	-130,611	-213,069
Cash flow for the period		
Cash and cash equivalents at beginning of period	2,233,864	2,483,630
Cash flow from operating activities	7,362,147	6,104,831
Cash flow from investing activities	-7,477,927	-6,141,528
Cash flow from financing activities	-130,611	-213,069
Cash and cash equivalents at end of period	1,987,473	2,233,864





NOTES

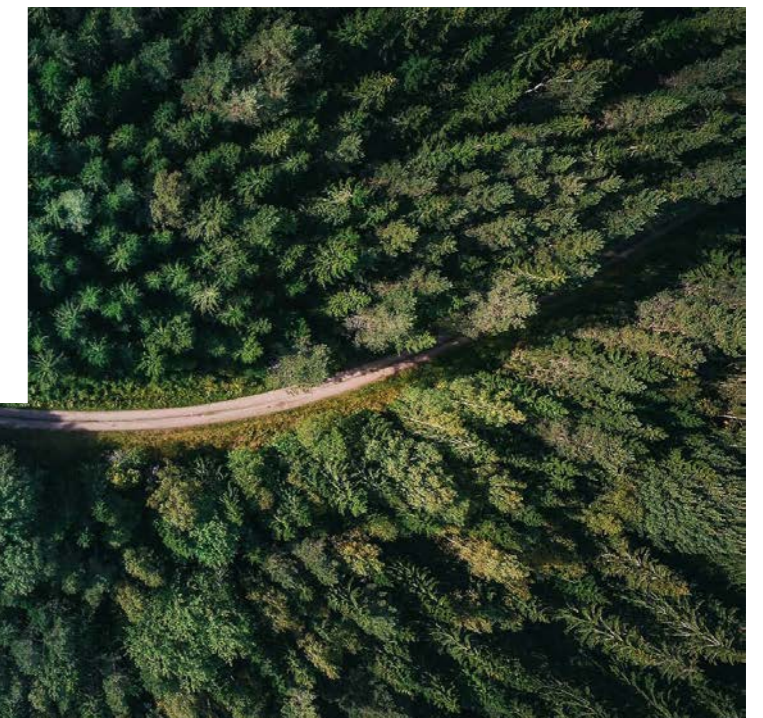
NOTE 1. ACCOUNTING POLICIES

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 FFS 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 2021 have taken place.

FUTURE REGULATORY CHANGES

Amendments to IAS 1 – Presentation of financial reports. Review in progress; briefing in 2023.

None of the other changes in accounting policies issued for application are considered to have any material impact on Volvofinans Bank's 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

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

The Cars segment consists of three businesses: Retail Cars, OEM and Payments, all aimed at consumers and small companies. Retail Cars finances vehicles 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. OEM, original equipment manufacturer, includes financing of cars from Polestar. The 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. The year saw the development of ease-of-payment functionality for EV charging, and customers now have the ability to collect bonus points for vehicle charges and also use their digital bonus checks for payment when charging.

The number of new passenger car registrations in Sweden totalled 288,000 in 2022, and 34,500 for light trucks. Passenger car registrations decreased by just over 4.3%, which is mainly attributable to long delivery times for new cars. A certain global shortage of components continues, while the war in Ukraine has an impact on the market with disruptions in the supply chains. The combination of production disruptions, increased energy prices, increased costs for input goods and haulage, a weak krona and a general sense of unease will have consequences on the Swedish vehicle market. Demand for new cars decreased at the end of the year, and the demise of the green bonus also had an impact together with weakening economic conditions. However, many automakers have record order books, and the current forecast for 2023 is 290,000 passenger car registrations and 43,000 light trucks, according to Mobility Sweden, the industry association. New Volvo, Renault, Dacia and Polestar registrations reached 59,383 cars, equivalent to a market share of 20.6%, where Volvofinans provides a high proportion of the financing. The trend for the year has continued to show a sharp upturn for rechargeable cars, which in total stood for 57% of registrations.

Our digital CarPay service continues to provide high inflows and the app has been downloaded by more than 800,000 unique customers.

Product development work is constantly in progress, as are launches of new digital services together with partners 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 flexible, simple and smarter payments.

	Amounts in SEK thousand		
	2022 Jan-Dec	2021 Jan-Dec	Change
Net interest income and net leasing*	671,218	583,480	87,738
Change in impairment of operational leases	-42,565	-48,176	5,612
Dividends received	75	46	29
Commission income	276,649	250,034	26,615
Commission expenses	-151,880	-136,944	-14,936
Net result from financial transactions	30,438	9,634	20,805
Other income	9,963	5,576	4,387
Operating income	793,898	663,649	130,250
Overhead expenses**	-405,014	-351,519	-53,494
Credit losses	-14,972	-15,013	41
Credit risk provision	-8,252	2,166	-10,418
Operating profit	365,660	299,282	66,378

* 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	31/12/2022	31/12/2021	Change
Number of contracts	165,389	182,001	-16,612
Total volume, SEK million	24,517	25,042	-525
of which transferred, %	94.8	94.0	0.8
of which pledged, %	5.2	6.0	-0.8
of which loans, %	41.0	44.9	-3.9
of which leases, %	59.0	55.1	3.9
Private leasing as a proportion of total leases, %	31.7	27.3	4.4

Product information, cards	31/12/2022	31/12/2021	Change
Average number of active accounts	384,978	392,230	-7,252
Total volume, SEK million	1,854	1,810	44
Average number of credit customers	75,900	74,897	1,003
Total sales Volvo Card, SEK million	17,608	15,413	2,195
of which fuel, %	36.6	34.8	1.8
of which workshop, %	12.6	17.3	-4.7
of which retail store, %	0.9	1.0	-0.1
of which car wash, %	1.1	1.2	-0.1
of which sales outside Volvo dealers, %	40.9	39.3	1.6
of which other (incl. car loans and insurance), %	7.9	6.3	1.6

TRUCKS

In business area Trucks, the bank offers loans and lease financing for new and used trucks including trailers, superstructures and other equipment. The bank's financing share of new trucks is stable and more than one in two trucks is financed via truck loans, financial leases or operating leases. Financing volumes for used vehicles and trailers are at a continued 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		
	2022 Jan-Dec	2021 Jan-Dec	Change
Net interest income*	76,789	55,428	21,360
Commission income	4,038	4,158	-120
Commission expenses	-970	-1,005	35
Net result from financial transactions	1,216	218	998
Other income	307	222	85
Operating income	81,379	59,020	22,359
Overhead expenses**	-39,105	-27,033	-12,072
Credit risk provision	-8	93	-101
Operating profit	42,267	32,081	10,186

* 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	31/12/2022	31/12/2021	Change
Number of contracts	8,093	7,832	261
Total volume, SEK million	5,706	5,246	460
of which transferred, %	84.2	84.8	-0.6
of which pledged, %	15.8	15.2	0.6
of which loans, %	78.1	80.0	-1.9
of which leases, %	21.9	20.0	1.9
Operating leases as a proportion of total leases, %	29.5	20.1	9.4

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 22.1% of the market as of December 2022. The number of agreements has risen by around 3% compared to the same period last year.

We will retain our market-leading position thanks to our long-term customer relations where we act as advisers regarding corporate vehicle fleets. The focus in recent years has mainly been on helping companies with their green transition and adapting their fleets to new regulations. The majority of the new contracts were in the operational leasing category. The market for second-hand cars continued to be strong during the year, 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 52 million higher than in the previous year.

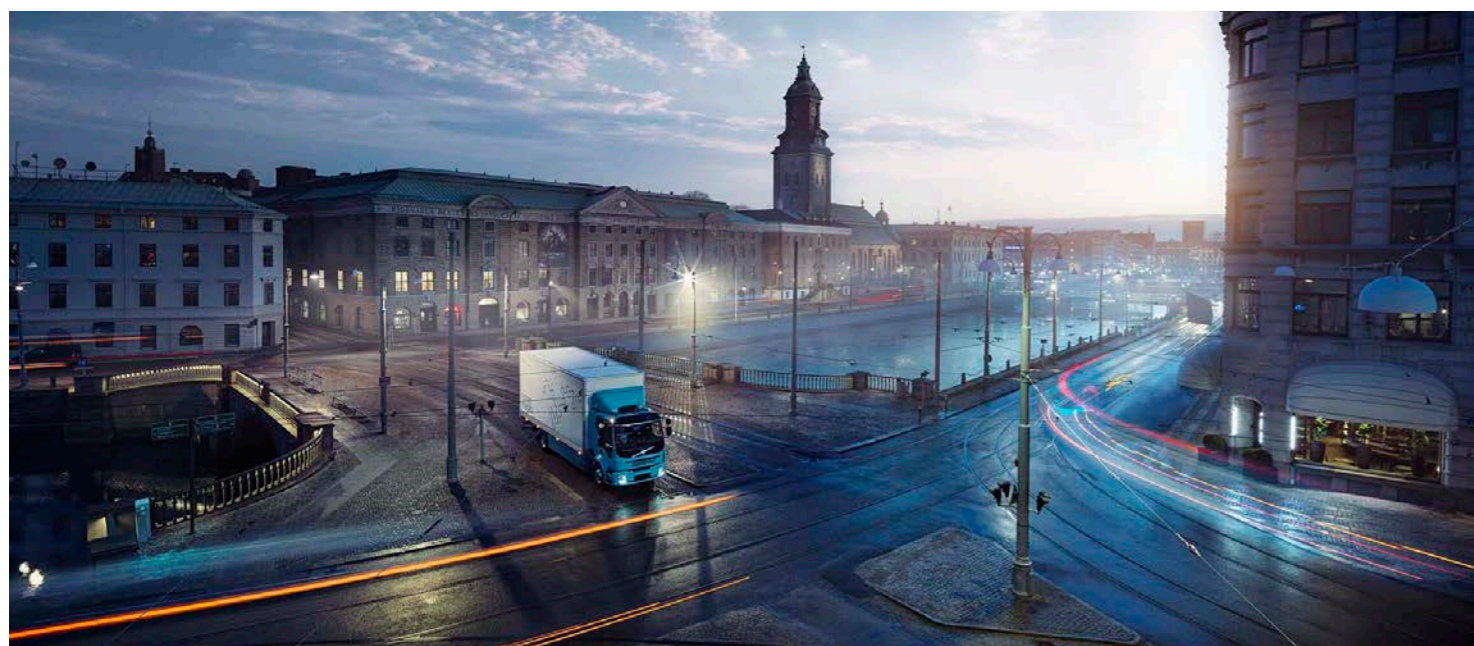
Product development is constantly in progress, and we are launching new services to make life simpler for the bank's customers by creating a smarter vehicle economy in the form of competitive company car expenditures for both drivers and companies.

	Amounts in SEK thousand		
	2022 Jan-Dec	2021 Jan-Dec	Change
Leasing, net*	116,730	78,498	38,232
Change in impairment of operational leases	-27,002	3,580	-30,582
Commission income	108,584	96,089	12,496
Commission expenses	-3,744	-1,864	-1,880
Net result from financial transactions	730	528	202
Service and repair contracts	56,625	60,176	-3,551
Disposals, operational leases	244,215	191,744	52,471
Other income	898	1,320	-422
Operating income	497,037	430,072	66,966
Overhead expenses**	-128,831	-112,380	-16,451
Credit losses	-	-278	278
Credit risk provision	-950	9,212	-10,162
Operating profit	367,256	326,626	40,630

* Including depreciation of lease items.

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

Product Information	31/12/2022	31/12/2021	Change
Number of financing contracts	39,445	36,905	2,540
Number of administered contracts	49,971	48,408	1,563
Total volume, SEK million	9,350	8,756	594
of which operational leases, %	69.9	72.7	-2.8
of which financial leases, %	30.1	27.3	2.8



NOTE 4. DISCLOSURES, LOANS AND LEASES

31/12/2022	Loans	Leasing	Total
Number of contracts	102,451	114,722	217,173
Average contract, SEK thousand	142	228	187
Collateral value, SEK million	14,522	26,113	40,635
Credit utilised, SEK million	13,780	23,721	37,501

31/12/2021	Loans	Leasing	Total
Number of contracts	116,594	118,465	235,059
Average contract, SEK thousand	132	206	169
Collateral value, SEK million	15,441	24,390	39,831
Credit utilised, SEK million	14,843	21,929	36,772

NOTE 5. LEASE INCOME AND ACCUMULATED NET INTEREST INCOME

	2022 Q4	2022 Q3	2021 Q4	2022 Jan-Dec	2021 Jan-Dec
Lease income from operational and financial leases	1,675,340	1,601,186	1,573,557	6,364,920	6,158,786
Depreciations, leased items	-1,462,726	-1,445,144	-1,464,805	-5,754,086	-5,703,751
Impairment charges / Reversals; lease item credit risk	-1,045	331	1,585	-1,048	7,008
Impairment charges / Reversals; lease item residual value risk	-21,634	-737	-25,124	-69,567	-44,597
Leasing, net	189,936	155,637	85,213	540,220	417,446
Interest income	232,495	193,876	135,250	709,272	543,397
Interest expenses	-189,006	-125,267	-68,458	-455,369	-281,025
Net interest income	43,489	68,609	66,793	253,902	262,371
Accumulated net interest income	233,425	224,245	152,006	794,122	679,817

NOTE 6. OTHER OPERATING INCOME

	Amounts in SEK thousand	
	2022 Jan-Dec	2021 Jan-Dec
Capital gains on the sale of tangible assets	1,761	2,266
Revenues, service and repair contracts	56,625	60,176
Disposals, operational leases	249,391	192,040
Income from associated companies	3,350	1,910
Other operating income	882	2,647
Total	312,009	259,038



NOTE 7. CREDIT LOSSES, NET

Credit losses	Amounts in SEK thousand	
	31/12/2022	31/12/2021
Loans at amortised cost (incl. unused part of limit)		
Provisions – stage 1	16,789	11,004
Provisions – stage 2	10,895	8,696
Provisions – stage 3	2,883	2,722
Total reserve	30,567	22,422
	2022	2021
	Jan-Dec	Jan-Dec
Loans at amortised cost (incl. unused part of limit)		
Change in provisions – stage 1	-5,785	1,368
Change in provisions – stage 2	-2,199	1,422
Change in provisions – stage 3	-161	1,653
Total change in provisions	-8,145	4,443
Write-off, confirmed credit losses	-17,353	-17,490
Recoveries of previously confirmed credit losses	2,377	2,477
Total	-14,976	-15,013
Credit losses, net*	-23,121	-10,570

* 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	
	31/12/2022	31/12/2021
Lease assets at accrued cost		
Provisions – stage 1	3,078	2,317
Provisions – stage 2	407	194
Provisions – stage 3	1,184	1,110
Total reserve	4,669	3,621
	2022	2021
	Jan-Dec	Jan-Dec
Lease assets at accrued cost		
Change in provisions – stage 1	-761	1,109
Change in provisions – stage 2	-213	4
Change in provisions – stage 3	-74	5,895
Total change in provisions**	-1,048	7,008
Write-off, confirmed credit losses	-	-364
Recoveries of previously confirmed credit losses	4	86
Total***	4	-278
Credit losses, net	-1,044	6,730

** 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	
	31/12/2022	31/12/2021
Financial fixed assets		
Provisions – stage 1	914	897
Provisions – stage 2	-	-
Provisions – stage 3	-	-
Total reserve	914	897
	2022	2021
	Jan-Dec	Jan-Dec
Financial fixed assets		
Change in provisions – stage 1	-17	20
Change in provisions – stage 2	-	-
Change in provisions – stage 3	-	-
Total change in provisions	-17	20
Credit losses, net****	-17	20

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

Credit losses	Amounts in SEK thousand	
	31/12/2022	31/12/2021
Total assets		
Provisions – stage 1	20,781	14,218
Provisions – stage 2	11,302	8,890
Provisions – stage 3	4,067	3,832
Total reserve	36,150	26,940
	2022	2021
	Jan-Dec	Jan-Dec
Total assets		
Change in provisions – stage 1	-6,563	2,497
Change in provisions – stage 2	-2,412	1,426
Change in provisions – stage 3	-235	7,548
Total change in provisions	-9,210	11,471
Write-off, confirmed credit losses	-17,353	-17,854
Recoveries of previously confirmed credit losses	2,381	2,563
Total	-14,972	-15,291
Credit losses, net	-24,182	-3,820

NOTE 8. TAX

Credit losses	Amounts in SEK thousand	
	2022	2021
	Jan-Dec	Jan-Dec
Current tax	-1,370	-33,331
Deferred tax expense/income with regard to other unutilised tax deductions	-292,000	292,000
Tax	-293,370	258,669

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 i.e. lease items, that remained at year-end 2022. As of 31 December 2021, Volvofinans Bank reported an accrued tax asset of SEK 292 million in accordance with IAS 12.

NOTE 9. LEVERAGE RATIO

Credit losses	Amounts in SEK thousand	
	31/12/2022	31/12/2021
Tier 1 capital	5,572,602	4,722,671
Exposure measurement	45,639,695	43,742,447
Leverage ratio, %	12.21	10.80
Leverage ratio 3%	1,369,191	1,312,273

NOTE 10. CAPITAL ADEQUACY ANALYSIS
KEY RATIOS

	Amounts in SEK thousand				
	31/12/2022	30/09/2022	30/06/2022	31/03/2022	31/12/2021
Available capital base (amount)					
Common Equity Tier 1 (CET1) capital	5,572,602	5,328,390	5,116,924	4,914,409	4,722,671
Tier 1 capital	5,572,602	5,328,390	5,116,924	4,914,409	4,722,671
Total capital	5,972,602	5,728,390	5,516,924	5,314,409	5,122,671
Risk-weighted exposure amounts					
Total risk-weighted exposure amount	24,293,417	22,932,601	22,953,509	23,349,328	22,193,673
Capital ratio (as a percentage of the risk-weighted exposure amount)					
Common Equity Tier 1 capital ratio, %	22.9	23.2	22.3	21.0	21.3
Tier 1 capital ratio, %	22.9	23.2	22.3	21.0	21.3
Total capital ratio, %	24.6	25.0	24.0	22.8	23.1
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	8.0	8.0
Combined buffer requirement and overall capital requirement (as a percentage of the risk-weighted amount of exposure)					
Capital conservation buffer, %	2.5	2.5	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, %	1.0	1.0	-	-	-
System risk buffer, %	-	-	-	-	-
Global Systemically Important Institution buffer, %	-	-	-	-	-
Other Systemically Important Institution buffer, %	-	-	-	-	-
Combined buffer requirement, %	3.5	3.5	2.5	2.5	2.5
Overall capital requirements, %	11.5	11.5	10.5	10.5	10.5
CET1 available after meeting the total SREP own funds requirements, %	18.4	18.7	17.8	16.6	16.8
Leverage ratio					
Total exposure measure	45,639,695	45,008,622	45,190,118	44,760,649	43,742,447
Leverage ratio, %	12.2	11.8	11.3	11.0	10.8
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	3.0	3.0
Leverage 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	3.0	3.0
Liquidity coverage ratio					
Total high-quality liquid assets (HQLA) (Weighted value - average)*	2,420,982	2,300,340	2,260,681	2,278,983	2,349,990
Cash outflows - Total weighted value*	4,345,288	4,252,538	4,154,440	4,157,008	4,116,682
Cash inflows - Total weighted value*	4,676,561	4,545,091	4,062,100	3,779,553	3,432,408
Total net cash outflows (adjusted value)*	1,104,945	1,063,135	1,038,610	1,039,252	1,082,277
Liquidity Coverage Ratio, %*	220	217	218	220	219
Net stable funding ratio					
Total available stable funding	38,540,914	37,529,413	37,642,927	38,307,334	37,317,968
Total required stable funding	32,662,417	31,936,461	32,522,369	32,676,508	32,257,689
Net stable funding ratio, %	118	118	116	117	116

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

CAPITAL BASE

	Amounts in SEK thousand	
	31/12/2022	31/12/2021
Common Equity Tier 1 capital: instruments and reserves		
Capital instruments and the related share premium accounts	400,000	400,000
Retained earnings	307,835	16,013
Other reserves	3,755,080	4,432,324
Net interim profit after deductions for predictable expenses and dividends verified by persons in an independent position.	1,181,387	292,000
Common Equity Tier 1 capital before regulatory adjustments	5,644,302	5,140,337
Common Equity Tier 1 capital: regulatory adjustments		
Further value adjustments (negative amount)	-101	-48
Intangible assets (net after reduction of related tax liabilities) (negative amount)	-19,224	-19,047
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	-52,375	-106,571
Total regulatory adjustments to Common Equity Tier 1	-71,700	-417,666
Common Equity Tier 1 (CET1) capital	5,572,602	4,722,671
Tier 1 capital contribution: Instrument		
Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital ratio + Tier 1 capital contribution)	5,572,602	4,722,671
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 (total capital = tier 1 capital + tier 2 capital)	5,972,602	5,122,671
Total risk-weighted assets	24,293,417	22,193,673

* 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	
	31/12/2022	31/12/2021
Risk-weighted assets	24,293,417	22,193,673
Common Equity Tier 1 capital ratio, %	22.94	21.28
Tier 1 capital ratio, %	22.94	21.28
Total capital ratio, %	24.59	23.08
Total capital requirement, %	13.40	12.50
Institution-specific Common Equity Tier 1 capital requirements including buffer requirements, %	9.30	8.40
of which: Pillar 1 requirement, %	4.50	4.50
of which: Pillar 2 requirement, %	1.30	1.40
of which requirement for capital conservation buffer, %	2.50	2.50
of which requirement for countercyclical buffer, %	1.00	-

INTERNALLY ASSESSED CAPITAL REQUIREMENT

	Amounts in SEK thousand					
	31/12/2022			31/12/2021		
	Capital requirement	Capital requirement / Total REA	Of which CET1 requirements / REA	Capital requirement	Capital requirement / Total REA	Of which CET1 requirements / REA
Credit risk	1,758,829	7.2%	4.1%	1,604,337	7.2%	4.1%
Operational risk	183,321	0.8%	0.4%	170,024	0.8%	0.4%
CVA risk	1,323	0.0%	0.0%	1,133	0.0%	0.0%
Pillar 1 capital requirement	1,943,473	8.0%	4.5%	1,775,494	8.0%	4.5%
Concentration risk	267,172	1.1%	0.7%	257,363	1.2%	0.8%
Strategic risk	97,174	0.4%	0.3%	88,775	0.4%	0.3%
Market risk	103,185	0.4%	0.3%	94,907	0.4%	0.3%
Pillar 2 capital requirement*	467,531	1.9%	1.3%	441,045	2.0%	1.4%
Capital conservation buffer	607,335	2.5%	2.5%	554,842	2.5%	2.5%
Countercyclical capital buffer	242,934	1.0%	1.0%	-	-	-
Combined buffer requirement	850,270	3.5%	3.5%	554,842	2.5%	2.5%
Capital requirements	3,261,274	13.4%	9.3%	2,771,381	12.5%	8.4%
Capital base	5,972,602	-	-	5,122,671	-	-
Capital surplus	2,711,328	-	-	2,351,290	-	-

* 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

	31/12/2022			31/12/2021		
	Capital requirement	Risk-weighted exposure amount	Average risk weighting	Capital requirement	Risk-weighted exposure amount	Average risk weighting
Credit risk according to IRB						
Corporate exposures	607,826	7,597,823	71.6%	532,525	6,656,565	69.5%
Retail exposures	583,802	7,297,521	24.2%	599,089	7,488,610	24.0%
Non credit-obligation assets exposure	413,976	5,174,706	100.0%	382,050	4,775,621	100.0%
Total according to IRB	1,605,604	20,070,050	43.7%	1,513,664	18,920,795	41.5%
Credit risk STD						
Exposures to central governments or central banks	-	-	-	-	-	-
Exposures to provincial or regional government bodies or local authorities	-	-	-	-	-	-
Exposures to public sector	142	1,778	20.0%	140	1,746	20.0%
Exposures to institutions	33,858	423,225	20.0%	37,380	467,254	20.0%
Corporate exposures	76,978	962,227	91.3%	18,841	235,516	89.3%
Retail exposures	23,817	297,707	62.4%	23,700	296,249	62.1%
Exposures in default	269	3,365	146.6%	229	2,867	150.0%
Covered bonds	14,384	179,800	10.0%	6,821	85,268	10.0%
Equity exposures	1,678	20,975	100.0%	1,411	17,641	100.0%
Other items	2,099	26,239	100.0%	2,150	26,873	100.0%
Total STD	153,225	1,915,316	27.0%	90,673	1,133,414	20.0%
Total	1,758,829	21,985,366	41.5%	1,604,337	20,054,209	39.1%
Operational risk	183,321	2,291,514	-	170,024	2,125,302	-
Credit value adjustment (CVA)	1,323	16,537	-	1,133	14,161	-
Total minimum capital requirement and risk-weighted exposure amount	1,943,473	24,293,417	-	1,775,494	22,193,673	-



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).

Shares and participations in other companies have been marked to market 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). 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.

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.

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, Volvofinans Bank receives and provides collateral in the form of bank balances in accordance with the standard conditions of the ISDA Credit Support Annex. Assets for derivative agreements amount to SEK 37.7 million and liabilities to SEK 63.1 million. Securities in the amount of SEK 18.2 million were received and assets of SEK 46.7 million were pledged as of 31 December 2022.



Amounts in SEK thousand

ASSETS, JAN-DEC 2022	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Treasury bills eligible as collateral etc.	1,238,357	-	-	1,238,357	1,238,893
Lending to credit institutions	-	-	1,987,473	1,987,473	1,987,473
Loans and advances to the public	-	-	16,862,753	16,862,753	16,437,193
Bonds and other interest-bearing securities	1,796,235	697,496	-	2,493,731	2,495,493
Shares and participations in other companies*	-	5,467	-	5,467	5,467
Other assets*	-	37,681	1,175,738	1,213,419	1,213,419
Prepaid expenses and accrued income	-	-	76,965	76,965	76,965
Total	3,034,592	740,644	20,102,929	23,878,165	23,454,903

LIABILITIES, JAN-DEC 2022	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Liabilities to credit institutions	-	-	1,431,896	1,431,896	1,407,143
Deposits and borrowing from the public	-	-	23,044,465	23,044,465	23,044,465
Securities issued	-	12,314,244	-	12,314,244	12,383,444
Other liabilities*	-	63,134	1,431,220	1,494,354	1,494,354
Accrued expenses and deferred income	-	-	1,428,700	1,428,700	1,428,700
Subordinated liabilities	-	403,069	-	403,069	400,000
Total	-	12,780,447	27,336,281	40,116,728	40,158,106

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
Loans and advances to the public	-	-	17,402,428	17,402,428	16,872,075
Bonds and other interest-bearing securities	853,433	600,011	-	1,453,444	1,452,687
Shares and participations in other companies*	-	3,406	-	3,406	3,406
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	612,257	20,462,962	23,515,731	22,983,690

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	-	-	21,794,994	21,794,994	21,794,994
Securities issued	-	13,171,022	-	13,171,022	13,092,362
Other liabilities*	-	39,484	993,432	1,032,916	1,032,916
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	25,175,475	38,811,196	38,701,258

* The financial instruments measured at fair value in the balance sheet by the bank are derivative instruments, shares and participations in other companies.

Fair value assets and liabilities per category

Assets	Financial assets measured at amortised cost	Derivatives in hedge accounting	Other assets*	Fair value via the income statement (mandatory)	Amounts in SEK thousand	
					Total	Fair value
31/12/2022						
Treasury bills eligible as collateral etc.	1,238,893	-	-	-	1,238,893	1,238,357
Lending to credit institutions	1,987,473	-	-	-	1,987,473	1,987,473
Loans and advances to the public	16,437,193	-	-	-	16,437,193	16,862,753
Bonds and other interest-bearing securities	2,495,493	-	-	-	2,495,493	2,493,731
Shares and participations in other companies	-	-	-	5,467	5,467	5,467
Shares and participations in associated companies	-	-	8,766	-	8,766	-
Shares and participations in Group companies	-	-	6,742	-	6,742	-
Intangible non-current assets	-	-	19,224	-	19,224	-
Tangible assets: inventory	-	-	3,485	-	3,485	-
Tangible assets: lease items	-	-	23,426,952	-	23,426,952	-
Other assets	768,394	1,513	407,345	36,168	1,213,419	1,213,419
Prepaid expenses and accrued income	76,965	-	-	-	76,965	76,965
Total assets	23,004,411	1,513	23,872,515	41,635	46,920,073	
Liabilities						
31/12/2022						
Liabilities to credit institutions	-	-	1,407,143	-	1,407,143	1,431,896
Deposits and borrowing from the public	-	-	23,044,465	-	23,044,465	23,044,465
Securities issued	-	-	12,383,444	-	12,383,444	12,314,244
Other liabilities	381,091	49,190	1,050,129	13,944	1,494,354	1,494,354
Accrued expenses and deferred income	1,379,606	-	49,094	-	1,428,700	1,428,700
Subordinated liabilities	-	-	400,000	-	400,000	403,069
Total liabilities	1,760,697	49,190	38,334,275	13,944	40,158,106	

Assets	Financial assets measured at amortised cost	Derivatives in hedge accounting	Other assets*	Fair value via the income statement (mandatory)	Amounts in SEK thousand	
					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
Loans and advances to the public	16,872,075	-	-	-	16,872,075	17,402,428
Bonds and other interest-bearing securities	1,452,687	-	-	-	1,452,687	1,453,444
Shares and participations in other companies	-	-	-	3,406	3,406	3,406
Shares and participations in associated companies	-	-	7,493	-	7,493	-
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	147,464	2,903	770,076	770,076
Deferred tax asset	-	-	292,000	-	292,000	-
Prepaid expenses and accrued income	65,434	-	-	-	65,434	65,434
Total assets	22,823,980	5,937	22,275,798	6,309	45,112,024	
Liabilities						
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	377,704	6,235	615,728	33,249	1,032,916	1,032,916
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	1,673,532	6,235	36,988,242	33,249	38,701,258	

* Non-hedged derivatives are included in the item other assets.
 ** Non-hedged derivatives are included in the item other liabilities.

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.

Balance sheet	Group companies		Associates		Other related companies	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Assets	6,742	6,742	97,663	25,530	1,050,273	1,340,529
Liabilities	6,789	6,789	286,267	94,637	128,269	348,742
Income statement						
Interest income	-	-	3,072	1,135	22	10
Lease income	-	-	-	-	115,305	124,318
Interest expenses	-	-	-288	-83	-565	-
Commission income	-	-	-	-	455	521
Other operating income	-	-	3,350	1,910	-	-
Total	-	-	6,134	2,962	115,217	124,849

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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