

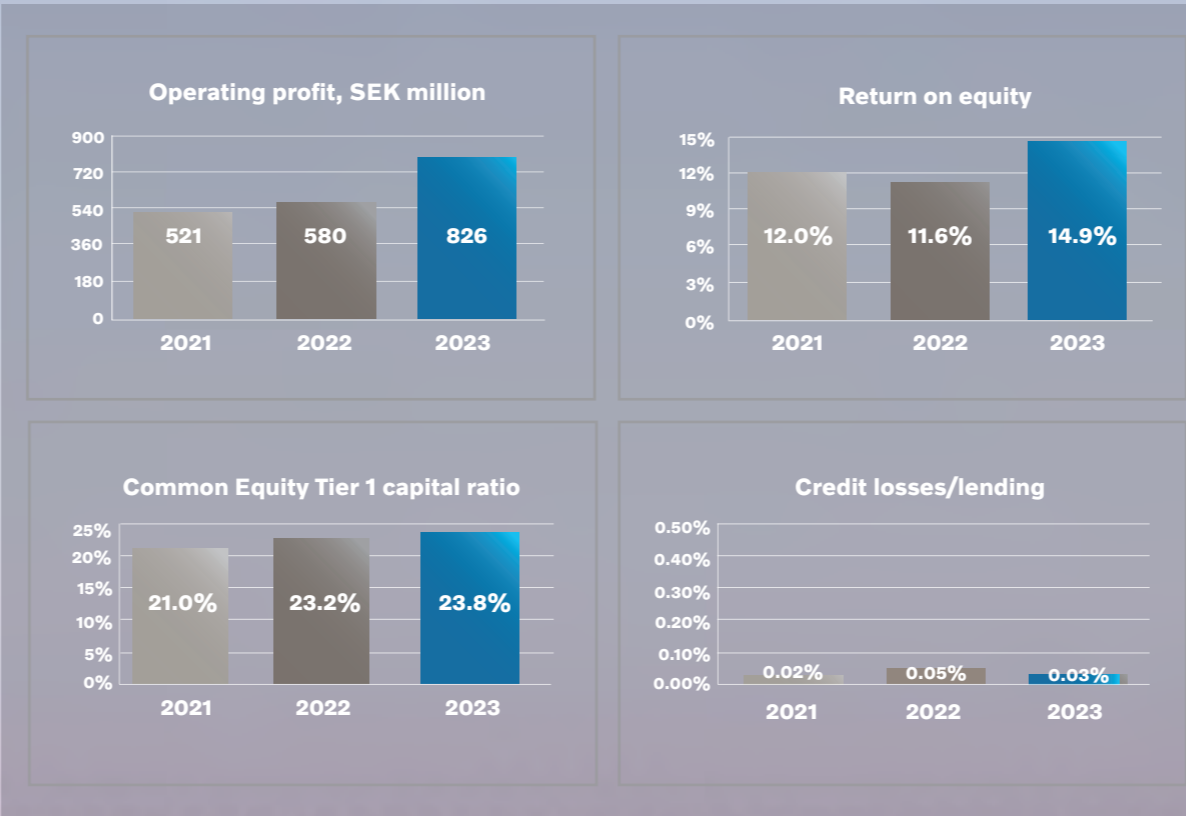
INTERIM REPORT 1 JANUARY – 30 SEPTEMBER
2023



VOLVOFINANS BANK

SUMMARY

JANUARY - SEPTEMBER 2023



INTRODUCTION AND FINANCIAL STATEMENTS



STATEMENT BY THE CEO

“A mobility bank in the very best of health”

Profits in Volvofinans Bank reach new heights after another quarter with continued rising short-term interest rates and interest rate increases from the Swedish Central Bank. The new record totalled SEK 826 million (580) as of 30 September. The trend toward sharply improved net interest income continues, mainly driven by the rise in interest rates. At the same time, we note continued strong demand from our savings account customers, to whom we offer a competitive savings rate. However, there are many signs we will soon reach peak rate, and given declining inflation, the Swedish Central Bank rate increases will cease. Despite the slight decline in lending during the third quarter, lending growth is 7.7% compared with September last year and totalled SEK 40.7 billion (37.8). The increased lending also contributed to the higher net interest income.

The trend with high prices in the used market continues

In addition, used passenger car prices remain high, which in turn leads to increased disposal gains for used vehicles, a contribution to profit that occurs mainly in Business area Fleet. Thus a very favourable period for the disposal of used cars continues, but with a negative outlook due to declining demand resulting from the recession and a normalized supply of new cars.

Strong KPIs and business areas

A common Equity Tier 1 ratio that is already very strong will rise further to 23.8% (22.2) through income earned, and return on investment will approach 15%. Credit losses, which derive exclusively from the credit card operation in Business area Payments, totalled SEK 13.4 million. Together with modelled expected credit losses, which are positive, total credit losses stood at SEK 9.5 million (17.8).

All segments are well above plan, with Trucks the most outstanding, and with Cars finishing as a good second, where growth in both cases is driven by increased net interest income. Fleet also outperformed the previous year, but with disposals at lease end constituting the bigger contributing factor, alongside net interest income.

A mobility bank in the very best of health

All in all, the Bank's very positive development continues despite a precarious economic climate, higher costs and an uncertain world.

“Volvofinans is broadening its offering and changing its name to Ziklo Bank”

While we will begin the new year in a tougher economic climate, it will be with interest rates trending downwards over time. The impact of the bank's extraordinary profit drivers, the rise in interest rates and used vehicle prices will decrease. But with our well-developed loan portfolios and stable customers and partners, we see no reason for unnecessary worry; on the contrary, we look to the future with great confidence and inspiration with the initiatives we are currently preparing. We now have the ability to approach a broader market with a mobility concept that has been in preparation for a number of years, and which clearly shows the market where we want our ambitions to take us. In light of this, the Board of Directors and company management adopted a proposal to change the company name to Ziklo, which was subsequently made public in a press release on 18 October.

Volvofinans Bank is changing its name to Ziklo Bank

We are building an even stronger partnership with Volvo by retaining Volvofinans as a brand and product name, while also launching a new brand platform for future mobility services and a more extensive offering. We are therefore changing the name to Ziklo, which symbolizes the sustainable mobility of the future; ciclo means cycle (of events) in Latin, just as Volvo means “I roll”.

This is a natural step, as in recent years the bank has developed its offering with multiple partners and vehicle brands to meet the growing demand from customers to make the transition to sustainable transportation as quick and easy as possible.

While the bank is changing its name, Volvofinans will remain as a brand for continued development together with Volvo, and the CarPay payment service will also retain its name. In conjunction with the name change, our company vehicle fleet business currently known as CarPay Fleet, will be called Ziklo.

We plan to implement the switch to our new name and brand platform in the beginning of 2024.

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 07 November 2023.

JAN-SEP 2023 IN SUMMARY

Operating profit:
SEK 826 million (580)

Return on equity:
14.9% (11.6)

Lending as of 30 September:
SEK 40.7 billion (37.8)

Credit losses
SEK 9.5 million (17.8)

Common Equity Tier 1 capital ratio:
23.8% (23.2)

Cost/Income ratio:
0.41 (0.43)

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 40.7 billion compared to 37.8 billion in the previous year. Trucks accounted for SEK 5.5 billion (4.6) of lending, equivalent to 14% (12) of the total. Fleet accounted for SEK 10.7 billion (8.7) of lending or 26% (23) and Volvo Card for 5% (5) or SEK 2.0 billion (1.9). The remainder – SEK 22.5 billion (22.6) – is attributable to passenger car financing in business area Cars, which corresponds to 55% (60) 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 825.5 million (579.9), which is SEK 245.7 million or 42% higher year-over-year. The Bank's net interest income and net leasing is SEK 287.2 million higher than the corresponding period last year, mainly due to higher lending and better borrowing margins. 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 95.3 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 period, the bank made impairments in respect of residual value provisions of SEK 98.3 million (47.9).

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 6.7 million (5.2) and for loans and leasing SEK 283.7 million (186.2), of which SEK 279.3 million (184.6) is covered by recourse. Loans subject to deferral totalled SEK 70.9 million (55.5).

Verified credit losses of SEK 13.4 million (11.5), relate mainly to the credit card business. Expected credit losses are calculated based on a prospective impairment model, where the calculation takes account of macroeconomic data, demographic variables and behavioural variables. During the second quarter, the bank updated its

IRB models and also adapted the ECL method accordingly, and this is the primary reason why the expected credit losses were reduced by SEK 3.9 million (-6.2) during the year. Thus credit losses for the year totalled SEK 9.5 million (17.8). Thus the provision for expected credit losses totals SEK 32.3 million (33.2).

Residual value risk

There is residual value risk in operating 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 the year, the bank carried out impairments totalling SEK 98.3 million (47.9) related to residual value risk, mainly due to the bank's increased residual value positions in operating leases and increased selling costs when calculating the recoverable value.

As of 30 September 2023, the bank's residual value positions for operating lease assets totalled SEK 6.3 billion (5.4). The bank carried out accumulated impairments totalling SEK 292.8 million (172.9).

Funding and liquidity

Deposits in the bank's savings account increased by SEK 275 million during the third quarter reaching a total of SEK 22.6 billion (21.2) at the end of the quarter. Total deposits including the credit balance for the Volvo Card and deposits from Volvo dealerships stood at SEK 24.1 billion (22.7) and accounted for 63% (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. In the program, shares with a value of SEK 2.8 billion and NOK 700 million were issued during the first 9 months of the year. Commercial papers relating to short-term borrowing were issued in the amount of SEK 475 million during the reporting period. Volvofinans Bank AB's outstanding financing through its MTN, its market loan programmes and commercial apers totalled a nominal SEK 12.8 billion (12.5), of which green bonds accounted for SEK 5.1 billion on 30 September 2023.

In addition to market borrowing and deposits, the bank also finances its activities through bank credits, which total SEK 1.3 billion (0.9). The proportion of financing from market loans programmes and the banking sector with remaining maturity of more than one year was 74% (61).

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 the end of the quarter was SEK 6.9 billion (7.1). The securities holding accounted for SEK 3.6 billion (52%) and non-fixed deposits at other banks totalled SEK 3.2 billion (48%). Volvofinans Bank's liquidity reserve must always be at least 10% in relation to lending volume. As of 30/09/2023, total lending was SEK 40.7 billion, which means the liquidity reserve corresponded to 17% (19). In addition to the liquidity reserve, available and unutilised loan facilities totalled SEK 3.8 billion (4.3).

At the end of the third quarter, Volvofinans Bank's liquidity coverage ratio (LCR) under article 415 of the EU Capital Requirements Regulation (CRR), totalled 265% (206), and the net stable funding ratio (NSFR) was 119% (118) under CRR2.

Capital adequacy

Volvofinans Bank calculates most of the credit risk on the basis of its internal ratings-based approach (IRB), while the remainder is calculated according to the standard method. The Swedish Financial Supervisory Authority has given Volvofinans Bank permission to use modified PD models that meet the requirements of CRR (EU) 575/2013 as amended by (EU) 439/2022 and EBA/GL/2017/16, known simply as Basel IV. Because the bank's new LGD models and the KF model are not yet approved by the Financial Supervisory Authority, the bank has chosen to correct the capital requirement calculation such that the requirement in relative terms reaches the previous level. This correction, known as an Article 3 mark-up, is used in the bank's capital requirement calculation as of Q2, 2023.

The Tier 1 ratio amounted to 23.8% (23.2) as of 30/09/2023 and the capital requirement was assessed internally to 14.4% (13.4) 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 640 million (573). The counter cyclical buffer value of 2.0 (1.0) per cent of REA totalled SEK 512 million (229). As of June 2023, the countercyclical buffer value was raised to 2.0%.

The leverage ratio was 12.9% (11.8) as of 30/09/2023.

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.

On 11 April 2023, the bank made an early SEK 400 million repayment of a subordinated loan.

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

The Russian invasion of Ukraine has led to increased geopolitical concern and uncertainty in the global economy. Over the past year, the finance market has displayed great volatility with rapidly rising interest rates, a weakened krona, high energy prices and rising inflation, which impacted companies and private individuals alike. The Board of Directors and management note significant continued 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 geopolitical developments discussed above have not yet significantly affected Volvofinans Bank's earnings or position negatively.

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:

2 February 2024	Year-end report 2023
Week 12	Annual Report 2023
3 May 2024	Interim Report January-March 2024
13 June 2024	AGM
23 August 2024	Interim Report January-June 2024
5 November 2024	Interim Report January-September 2024

Review

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

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

Key ratios

	30/09/2023	30/09/2022	31/12/2022
Return on equity, %*	14.87	11.57	11.46
Deposits / Lending, %	59.17	60.23	57.81
Profit / Risk-weighted assets, %	4.30	3.37	3.19
Total capital ratio, %	23.81	24.98	24.59
Common Equity Tier 1 capital ratio, %	23.81	23.23	22.94
Cost/Income ratio	0.41	0.43	0.45
Cost/Income ratio excl. residual value provision	0.34	0.38	0.40
Credit losses / Lending, %	0.03	0.05	0.06
Liquidity coverage ratio (LCR), %	265	206	210
NSFR (Net Stable Funding Ratio), %	119	118	118
Leverage ratio, %	12.9	11.8	12.2

*As of Q1 2023, return on equity is calculated according to a new method. Historical values have been updated.

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/>

Income statement, overview

	Amounts in SEK thousand					
	2023	2023	2022	2023	2022	2022
	Q3	Q2	Q3	Jan-Sep	Jan-Sep	Jan-Dec
Interest income	342,502	312,334	193,876	941,728	476,777	709,272
Lease income	1,871,086	1,794,961	1,601,186	5,396,429	4,689,580	6,364,920
Interest expenses	-383,716	-331,851	-125,267	-979,582	-266,363	-455,369
Net interest income	1,829,872	1,775,444	1,669,795	5,358,575	4,899,993	6,618,822
Dividends received	-	11	46	23	63	75
Commission income	103,088	111,892	97,456	318,135	292,267	389,271
Commission expenses	-32,086	-48,786	-47,485	-114,011	-109,638	-156,594
Net result from financial transactions	-4,257	2,283	7,947	-10,173	32,840	32,384
Other operating income, Note 4	115,600	104,019	68,927	326,566	224,585	312,009
Total operating income	2,012,218	1,944,864	1,796,685	5,879,114	5,340,111	7,195,967
General administration expenses	-128,221	-154,287	-112,519	-417,500	-353,888	-495,761
Depreciation and impairment of tangible and intangible non-current assets, Note 5	-1,553,493	-1,506,046	-1,449,053	-4,578,184	-4,349,619	-5,847,030
Other operating expenses	-13,162	-24,946	-12,531	-50,365	-38,945	-54,859
Total operating expenses	-1,694,877	-1,685,279	-1,574,102	-5,046,050	-4,742,451	-6,397,650
Profit before credit losses	317,342	259,585	222,583	833,064	597,660	798,318
Credit losses, net, Note 6	-5,912	4,129	-4,947	-7,011	-17,793	-23,118
Impairments/Reversals of financial fixed assets, net	60	-568	-19	-522	3	-17
Operating profit	311,490	263,146	217,617	825,531	579,869	775,183
Appropriations	-	-	-	-	-	853,176
Taxes, Note 7	-64,167	-54,208	-44,829	-170,059	-119,453	-293,370
Profit	247,323	208,938	172,788	655,472	460,416	1,334,989

Balance sheet highlights

	Amounts in SEK thousand		
	30/09/2023	30/09/2022	31/12/2022
Treasury bills eligible as collateral etc.	1,438,656	986,467	1,238,893
Lending to credit institutions	3,285,130	3,530,475	1,987,473
Loans and advances to the public	15,939,906	16,065,069	16,437,193
Bonds and other interest-bearing securities	2,152,615	2,545,922	2,495,493
Shares and participations in other companies	6,481	4,984	5,467
Shares and participations in associated companies	5,140	5,417	8,766
Shares and participations in Group companies	6,742	6,742	6,742
Intangible non-current assets	20,594	24,732	19,224
Tangible assets: inventory	1,860	4,304	3,485
Tangible assets: lease items	24,728,482	21,688,664	23,426,952
Tangible current assets	19,227	-	-
Other assets	1,076,697	929,370	1,213,419
Deferred tax asset, Note 7	-	73,000	-
Prepaid expenses and accrued income	158,886	113,908	76,965
Total assets, Note 9	48,840,416	45,979,054	46,920,073
Liabilities to credit institutions	1,319,048	947,619	1,407,143
Deposits and borrowing from the public	24,065,098	22,737,302	23,044,465
Securities issued	12,746,783	12,452,361	12,383,444
Other liabilities*	1,391,487	1,204,419	1,494,354
Accrued expenses and deferred income	2,054,163	1,496,782	1,428,700
Subordinated liabilities	-	400,000	400,000
Total liabilities, Note 9	41,576,578	39,238,483	40,158,106
Untaxed reserves	4,679,919	5,533,095	4,679,919
Equity	2,583,919	1,207,476	2,082,049
Total liabilities and equity	48,840,416	45,979,054	46,920,073
*Of which derivative instruments with positive and negative market values			
Derivative instruments with positive market value	32,584	38,732	37,681
Derivative instruments with negative market value	-56,220	-84,868	-63,134



Change in equity

	Amounts in SEK thousand				
	Share capital	Restricted equity Statutory reserve	Development fund	Non-restricted equity Retained earnings	Total equity
Opening equity, 1 January 2022	400,000	20,000	19,047	438,624	877,671
Profit for the period after tax	-	-	-	460,416	460,416
Capitalisation of development expenditures	-	-	13,281	-13,281	-
Dissolution resulting from development expenditure depreciations and impairments for the year	-	-	-7,596	7,596	-
Total before transactions with shareholders	400,000	20,000	24,732	893,355	1,338,087
Dividend	-	-	-	-130,611	-130,611
Closing equity, 30 September 2022	400,000	20,000	24,732	762,744	1,207,476
	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
	Share capital	Statutory reserve	Development fund	Retained earnings	Total equity
Opening equity, 1 January 2023	400,000	20,000	19,224	1,642,825	2,082,049
Profit for the period after tax	-	-	-	655,472	655,472
Capitalisation of development expenditures	-	-	7,729	-7,729	-
Dissolution resulting from development expenditure depreciations and impairments for the year	-	-	-6,359	6,359	-
Total before transactions with shareholders	400,000	20,000	20,594	2,296,927	2,737,521
Dividend	-	-	-	-153,602	-153,602
Closing equity, 30 September 2023	400,000	20,000	20,594	2,143,325	2,583,919



Cash flow statement

	Amounts in SEK thousand		
	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Operating activities			
Operating profit	825,531	579,869	775,183
Adjustment of items not included in cash flow			
Unrealised portion of net result from financial transactions	-10,173	34,082	33,626
Depreciations, amortisation, impairments	4,578,184	4,349,619	5,847,030
Credit losses	7,011	17,793	23,117
Paid/refunded (-/+) tax	-32,749	-30,012	-63,814
Changes to assets and liabilities in operating activities			
Treasury bills eligible as collateral etc.	-199,763	599,681	347,255
Loans and advances to the public	490,663	789,146	411,910
Disposal of tangible assets*	4,012,032	2,989,275	3,995,200
Acquisition of tangible assets*	-9,902,503	-7,221,214	-11,450,944
Bonds and other interest-bearing securities	342,879	-1,093,235	-1,042,806
Deposits and borrowing from the public	1,020,633	942,308	1,249,471
Liabilities to credit institutions	-88,095	-121,429	338,095
Other assets	-83,383	-78,143	-392,575
Securities issued	363,339	-640,001	-708,918
Other liabilities	532,769	322,266	544,573
Cash flow from operating activities	1,856,376	1,440,005	-93,597
Investing activities			
Capitalised development expenditures	-7,729	-13,282	-18,849
Investments in shares and participations	-1,014	-1578	-2,061
Disposal/redemption of shares and participations	3,626	2,077	-1,273
Cash flow from investing activities	-5,117	-12,783	-22,184
Financing activities			
Subordinated liabilities	-400,000	-	-
Dividends paid	-153,602	-130,611	-130,611
Cash flow from financing activities	-553,602	-130,611	-130,611
Cash flow for the period			
Cash and cash equivalents at beginning of period	1,987,473	2,233,864	2,233,864
Cash flow from operating activities*	1,856,376	5,671,944	7,362,147
Cash flow from investing activities*	-5,117	-4,244,722	-7,477,927
Cash flow from financing activities	-553,602	-130,611	-130,611
Cash and cash equivalents at end of period	3,285,130	3,530,475	1,987,473

*As of Q2 2023, cash flow from the acquisition and disposal of tangible assets is reported in operating activities instead of investment activities.



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 2022 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.

The tables below show segment reports on an aggregated level.

Income statement	Amounts in SEK thousand		
	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Net interest income and net leasing*	888,824	608,634	864,737
Change in impairment of operating leases	-98,270	-47,933	-69,567
Dividends received	23	63	75
Commission income	318,135	292,267	389,271
Commission expenses	-114,011	-109,638	-156,594
Net result from financial transactions	-10,173	32,840	32,384
Service, repair and tyre agreements	47,523	42,580	56,625
Disposals, operating leases	273,572	178,273	249,391
Other income	5,470	3,732	5,993
Operating income	1,311,093	1,000,818	1,372,315
Overhead expenses**	-476,076	-403,156	-572,950
Credit losses	-13,366	-11,545	-14,972
Credit risk provision	3,880	-6,248	-9,210
Operating profit	825,531	579,869	775,183

* Including depreciation of lease items.

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

Lending	Amounts in SEK thousand		
	30/09/2023	30/09/2022	31/12/2022
Car loans, Truck loans etc.	13,715,417	13,916,935	13,752,068
Contract credits	16,926	102,406	105,110
Credit card credits	1,983,799	1,865,577	1,854,293
Inventory credits	196,675	82,201	617,735
Promissory note loans	27,090	97,951	107,987
Lease items	24,728,482	21,688,664	23,426,952
Lending	40,668,388	37,753,733	39,864,145

Product Information	Amounts in SEK thousand		
	30/09/2023	30/09/2022	31/12/2022
Number of transferred loans and leases	192,902	205,974	204,142
of which loans	91,398	105,021	100,649
of which leases	101,504	100,953	103,493

	Amounts in SEK thousand		
	30/09/2023	30/09/2022	31/12/2022
Average contract loans and leasing	199	173	182
of which loans	150	133	137
of which leases	244	215	226

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.

So far this year (YTD 30/9), passenger car registrations increased by around 2.5%. These relatively high figures, despite the depressed economic climate, are driven by shorter delivery times and large order entries. So far, companies continued to drive order intake, but the private market has cooled, which can be attributed to the economic climate. In previous years, the private market was a major driver behind the increased electrification in the vehicle market. This leadership has now transferred to the commercial market as a result of the tougher economic times and the discontinued climate bonus.

New Volvo, Renault, Dacia and Polestar registrations during the first six months reached 36,195 cars, equivalent to a market share of 17%, where Volvofinans provides a high proportion of the financing. There were 209,969 registrations during the first three quarters, while Mobility Sweden presented a revised forecast totalling 280,000 registrations for 2023.

Our digital CarPay service continues to provide high inflows and the app has been downloaded by 848,000 unique customers.

Product development work is constantly in progress, as are launches of new digital services together with our 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		
	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Net interest income and net leasing*	639,525	473,816	671,218
Change in impairment of operating leases	-8,512	-35,744	-42,565
Dividends received	23	63	75
Commission income	208,622	207,371	276,649
Commission expenses	-107,755	-105,916	-151,880
Net result from financial transactions	-8,619	21,806	30,438
Disposals, operating leases	22,111	2,594	5,176
Other income	4,305	3,201	4,787
Operating income	749,698	567,191	793,898
Overhead expenses**	-318,325	-282,176	-405,014
Credit losses	-13,366	-11,545	-14,972
Credit risk provision	6,744	-6,381	-8,252
Operating profit	424,752	267,090	365,660

* 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	Amounts in SEK thousand		
	30/09/2023	30/09/2022	31/12/2022
Number of contracts	149,385	169,020	165,389
Total volume, SEK million	23,344	23,715	24,517
of which transferred, %	96.4	94.7	94.8
of which pledged, %	3.6	5.3	5.2
of which loans, %	40.9	43.3	41.0
of which leases, %	59.1	56.7	59.0
Private leasing as a proportion of total leases, %	30.3	28.5	31.7

Product information, cards	Amounts in SEK thousand		
	30/09/2023	30/09/2022	31/12/2022
Average number of active accounts	373,720	385,790	384,942
Total volume, SEK million	1,984	1,866	1,854
Average number of credit customers	75,135	75,490	75,901
Total sales Volvo Card, SEK million	13,132	13,197	17,611
of which fuel, %	32.6	37.4	36.6
of which workshop, %	15.3	15.7	12.6
of which retail store, %	0.8	0.9	0.9
of which car wash, %	1.0	1.2	1.1
of which sales outside Volvo dealers, %	46.5	40.3	40.9
of which other (incl. car loans and insurance), %	3.9	4.6	7.9

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		
	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Net interest income and net leasing*	93,006	57,539	76,789
Commission income	3,123	2,967	4,038
Commission expenses	-812	-710	-970
Net result from financial transactions	-731	3,453	1,216
Other income	202	161	307
Operating income	94,788	63,410	81,379
Overhead expenses**	-27,874	-27,131	-39,105
Credit losses	-	-	-
Credit risk provision	-218	-2	-8
Operating profit	66,696	36,278	42,267

* Including depreciation and impairment of lease items.

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

Product information, loans and leasing	30/09/2023	30/09/2022	31/12/2022
Number of contracts	8,101	8,153	8,093
Total volume, SEK million	6,188	5,531	5,706
of which transferred, %	89.3	84.1	84.2
of which pledged, %	10.7	15.9	15.8
of which loans, %	77.6	78.7	78.1
of which leases, %	22.4	21.3	21.9
Operating leases as a proportion of total leases, %	27.8	27.3	29.5



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% of the market as of September 2023. The number of agreements has risen by around 4% 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 operating leases 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 76 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		
	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Net interest income and net leasing*	156,292	77,278	116,730
Change in impairment of operating leases	-89,758	-12,189	-27,002
Commission income	106,391	81,929	108,584
Commission expenses	-5,444	-3,013	-3,744
Net result from financial transactions	-822	7,581	730
Service, repair and tyre agreements	47,526	42,580	56,625
Disposals, operating leases	251,461	175,679	244,215
Other income	961	371	898
Operating income	466,607	370,217	497,037
Overhead expenses**	-129,878	-93,849	-128,831
Credit losses	-	-	-
Credit risk provision	-2,646	134	-950
Operating profit	334,083	276,502	367,256

* Including depreciation of lease items.

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

Product Information	30/09/2023	30/09/2022	31/12/2022
Number of financing contracts	41,314	37,792	39,445
Number of administered contracts	51,322	49,465	49,971
Total volume, SEK million	10,721	8,675	9,350
of which operating leases, %	70.1	71.1	69.9
of which financial leases, %	29.9	28.9	30.1



NOTE 4. OTHER OPERATING INCOME

	Amounts in SEK thousand		
	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Capital gains on the sale of tangible assets	2,234	1,008	1,761
Revenues, service and repair contracts	47,523	42,580	56,625
Disposals, Operating leases	273,572	178,273	249,391
of which sales revenue	(1,052,267)	(605,378)	(855,215)
of which cost of goods sold	(-778,695)	(-427,105)	(-605,824)
Income from associated companies	3,082	2,289	3,350
Other income	155	435	882
Total	326,566	224,585	312,009

NOTE 5. DEPRECIATIONS AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE NON-CURRENT ASSETS

	Amounts in SEK thousand		
	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Depreciations, leased items	-4,469,751	-4,291,360	-5,754,086
Impairment charges / Reversals; lease item residual value risk	-98,270	-47,933	-69,567
Impairment charges / Reversals; lease item credit risk	-1,952	-3	-1,048
Depreciations, inventory	-1,852	-2,727	-3,658
Depreciations and impairment of intangible assets	-6,359	-7,596	-18,672
Total depreciations	-4,578,184	-4,349,619	-5,847,030

NOTE 6. CREDIT LOSSES, NET

	Amounts in SEK thousand		
	30/09/2023	30/09/2022	31/12/2022
Credit losses			
Loans at amortised cost (incl. unused part of limit)			
Provisions – stage 1	5,473	16,273	16,789
Provisions – stage 2	14,708	9,910	10,895
Provisions – stage 3	4,031	2,487	2,883
Total reserve	24,212	28,670	30,567
Loans at amortised cost (incl. unused part of limit)			
Change in provisions – stage 1	11,316	-5,269	-5,785
Change in provisions – stage 2	-3,813	-1,214	-2,199
Change in provisions – stage 3	-1,148	235	-161
Total change in provisions	6,355	-6,248	-8,145
Write-off, confirmed credit losses	-14,968	-13,212	-17,353
Recoveries of previously confirmed credit losses	1,600	1,663	2,377
Total	-13,368	-11,549	-14,976
Credit losses, net*	-7,013	-17,797	-23,121

* Should be read together with the line item 'Confirmed credit losses for lease items' further down in the note for comparison with the income statement overview and the line item 'Credit losses' in Note 6.

	Amounts in SEK thousand		
	30/09/2023	30/09/2022	31/12/2022
Credit losses			
Lease assets at accrued cost			
Provisions – stage 1	2,882	2,252	3,078
Provisions – stage 2	631	382	407
Provisions – stage 3	3,108	990	1,184
Total reserve	6,621	3,624	4,669

	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
	Lease assets at accrued cost		
Change in provisions – stage 1	196	65	-761
Change in provisions – stage 2	-224	-188	-213
Change in provisions – stage 3	-1,924	120	-74
Total change in provisions**	-1,952	-3	-1,048
Write-off, confirmed credit losses	-	-	-
Recoveries of previously confirmed credit losses	2	4	4
Total***	2	4	4
Credit losses, net	-1,950	1	-1,044

** 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 6.

	Amounts in SEK thousand		
	30/09/2023	30/09/2022	31/12/2022
Credit losses			
Financial fixed assets			
Provisions – stage 1	1,437	894	914
Provisions – stage 2	-	-	-
Provisions – stage 3	-	-	-
Total reserve	1,437	894	914
Financial fixed assets			
Change in provisions – stage 1	-523	3	-17
Change in provisions – stage 2	-	-	-
Change in provisions – stage 3	-	-	-
Total change in provisions	-523	3	-17
Credit losses, net****	-523	3	-17

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

	Amounts in SEK thousand		
	30/09/2023	30/09/2022	31/12/2022
Credit losses			
Total assets			
Provisions – stage 1	9,792	19,419	20,781
Provisions – stage 2	15,339	10,292	11,302
Provisions – stage 3	7,139	3,477	4,067
Total reserve	32,270	33,188	36,150
Total assets			
Change in provisions – stage 1	10,989	-5,201	-6,563
Change in provisions – stage 2	-4,037	-1,402	-2,412
Change in provisions – stage 3	-3,072	355	-235
Total change in provisions	3,880	-6,248	-9,210
Write-off, confirmed credit losses	-14,968	-13,212	-17,353
Recoveries of previously confirmed credit losses	1,602	1,667	2,381
Total	-13,366	-11,545	-14,972
Credit losses, net	-9,486	-17,793	-24,182

NOTE 7. TAX

	Amounts in SEK thousand		
	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Current tax	-170,059	99,547	-1,370
Deferred tax expense with regard to other unutilised tax deductions	-	-219,000	-292,000
Tax	-170,059	-119,453	-293,370

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 8. CAPITAL ADEQUACY ANALYSIS

KEY RATIOS

	Amounts in SEK thousand				
	30/09/2023	30/06/2023	31/03/2023	31/12/2022	30/09/2022
Available capital base (amount)					
Common Equity Tier 1 (CET1) capital	6,096,356	5,894,984	5,771,026	5,572,602	5,328,390
Tier 1 capital	6,096,356	5,894,984	5,771,026	5,572,602	5,328,390
Total capital	6,096,356	5,894,984	5,771,026	5,972,602	5,728,390
Risk-weighted exposure amounts					
Total risk-weighted exposure amount	25,602,745	25,527,585	24,895,259	24,293,417	22,932,601
Capital ratio (as a percentage of the risk-weighted exposure amount)					
Common Equity Tier 1 capital ratio, %	23.8	23.1	23.2	22.9	23.2
Tier 1 capital ratio, %	23.8	23.1	23.2	22.9	23.2
Total capital ratio, %	23.8	23.1	23.2	24.6	25.0
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, %	2.0	2.0	1.0	1.0	1.0
System risk buffer, %	-	-	-	-	-
Global Systemically Important Institution buffer, %	-	-	-	-	-
Other Systemically Important Institution buffer, %	-	-	-	-	-
Combined buffer requirement, %	4.5	4.5	3.5	3.5	3.5
Overall capital requirements, %	12.5	12.5	11.5	11.5	11.5
CET1 available after meeting the total SREP own funds requirements, %*	15.8	15.1	15.2	16.6	17.0
Leverage ratio					
Total exposure measure	47,423,488	47,202,936	46,990,777	45,639,695	45,008,622
Leverage ratio, %	12.9	12.5	12.3	12.2	11.8
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 (weighted value – average)**	2,826,327	2,785,135	2,596,326	2,420,982	2,300,340
Cash outflows – Total weighted value**	4,596,928	4,648,010	4,512,124	4,345,288	4,252,538
Cash inflows – Total weighted value**	4,547,006	4,668,896	4,818,277	4,676,561	4,545,091
Total net cash outflows (adjusted value)**	1,167,855	1,180,625	1,146,654	1,104,945	1,063,135
Liquidity Coverage Ratio, %**	245	238	230	220	217
Net stable funding ratio					
Total available stable funding	40,694,382	40,923,669	39,833,629	38,540,914	37,529,413
Total required stable funding	34,104,499	33,668,478	33,304,257	32,662,417	31,936,461
Net stable funding ratio, %	119	122	120	118	118

* As of Q3, available Common Equity Tier 1 capital is calculated as the surplus Common Equity Tier 1 capital after all Pillar 1 capital base requirements of 8% are met.

Previously, it was calculated as the surplus of Common Equity Tier 1 capital after solely the requirement for a Common Equity Tier 1 capital ratio of 4.5% was met.

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

CAPITAL BASE

	Amounts in SEK thousand		
	30/09/2023	30/09/2022	31/12/2022
Common Equity Tier 1 capital: instruments and reserves			
Capital instruments and the related share premium accounts	400,000	400,000	400,000
Retained earnings	1,487,853	302,328	307,835
Other reserves	3,756,449	4,438,010	3,755,080
Net interim profit after deductions for predictable expenses and dividends verified by persons in an independent position.	491,604	345,312	1,181,387
Common Equity Tier 1 capital before regulatory adjustments	6,135,906	5,485,650	5,644,302
Common Equity Tier 1 capital: regulatory adjustments			
Further value adjustments (negative amount)	-95	-124	-101
Intangible assets (net after reduction of related tax liabilities) (negative amount)	-20,594	-24,732	-19,224
Deferred tax assets dependent on future profitability, except those that arise as a result of temporary differences*	-	-73,000	-
Negative amounts resulting from the calculation of expected loss amount	-15,685	-59,404	-52,375
Other regulatory adjustments	-3,176	-	-
Total regulatory adjustments to Common Equity Tier 1	-39,550	-157,260	-71,700
Common Equity Tier 1 (CET1) capital	6,096,356	5,328,390	5,572,602
Tier 1 capital contribution: Instrument			
Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital ratio + Tier 1 capital contribution)	6,096,356	5,328,390	5,572,602
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)	6,096,356	5,728,390	5,972,602
Total risk-weighted assets	25,602,745	22,932,601	24,293,417

* 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		
	30/09/2023	30/09/2022	31/12/2022
Risk-weighted assets	25,602,745	22,932,601	24,293,417
Common Equity Tier 1 capital ratio, %	23.81	23.24	22.94
Tier 1 capital ratio, %	23.81	23.24	22.94
Total capital ratio, %	23.81	24.98	24.59
Total capital requirement, %	14.39	13.40	13.42
Institution-specific Common Equity Tier 1 capital requirements including buffer requirements, %	10.05	9.07	9.08
of which: Pillar 1 requirement, %	4.50	4.50	4.50
of which: Pillar 2 requirement, %	1.05	1.07	1.08
of which requirement for capital conservation buffer, %	2.50	2.50	2.50
of which requirement for countercyclical buffer, %	2.00	1.00	1.00

INTERNALLY ASSESSED CAPITAL REQUIREMENT

	Amounts in SEK thousand								
	30/09/2023			30/09/2022			31/12/2022		
	Capital requirement	Capital requirement / Total REA	Of which CET1 requirements / REA	Capital requirement	Capital requirement / Total REA	Of which CET1 requirements / REA	Capital requirement	Capital requirement / Total REA	Of which CET1 requirements / REA
Credit risk	1,687,761	6.6%	3.7%	1,663,360	7.3%	4.1%	1,758,829	7.2%	4.1%
Operational risk	183,321	0.7%	0.4%	170,024	0.7%	0.4%	183,321	0.8%	0.4%
CVA risk	3,528	0.0%	0.0%	1,224	0.0%	0.0%	1,323	0.0%	0.0%
Additional risk exposure amounts according to Article 3 CRR	173,610	0.7%	0.4%	-	-	-	-	-	-
Pillar 1 capital requirement	2,048,220	8.0%	4.5%	1,834,608	8.0%	4.5%	1,943,473	8.0%	4.5%
Concentration risk	270,834	1.1%	0.6%	242,956	1.1%	0.6%	267,172	1.1%	0.6%
Strategic risk	102,411	0.4%	0.2%	91,730	0.4%	0.2%	97,174	0.4%	0.2%
Market risk	109,167	0.4%	0.2%	101,052	0.4%	0.2%	103,185	0.4%	0.2%
Pillar 2 capital requirement*	482,412	1.9%	1.1%	435,738	1.9%	1.1%	467,531	1.9%	1.1%
Capital conservation buffer	640,069	2.5%	2.5%	573,315	2.5%	2.5%	607,335	2.5%	2.5%
Countercyclical capital buffer	512,055	2.0%	2.0%	229,326	1.0%	1.0%	242,934	1.0%	1.0%
Combined buffer requirement	1,152,124	4.5%	4.5%	802,641	3.5%	3.5%	850,270	3.5%	3.5%
Capital requirements	3,682,755	14.4%	10.1%	3,072,987	13.4%	9.1%	3,261,274	13.4%	9.1%
Capital base	6,096,356	-	-	5,728,390	-	-	5,972,602	-	-
Capital surplus	2,413,601	-	-	2,655,403	-	-	2,711,328	-	-

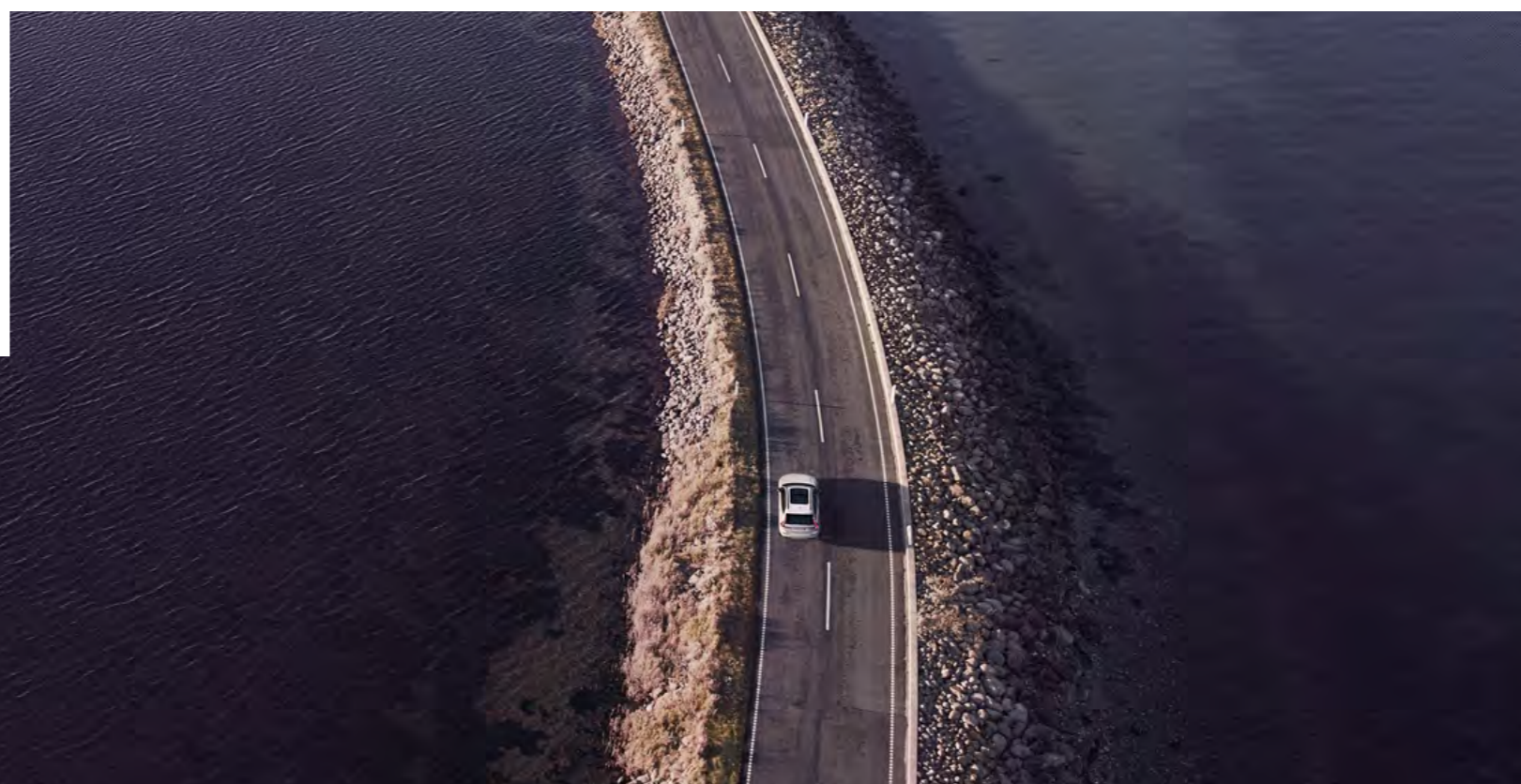
* The bank has not yet received an assessment from the authority regarding specific Pillar 2 guidance.

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								
	30/09/2023			30/09/2022			31/12/2022		
	Capital requirement	Risk-weighted exposure amount	Average risk weighting	Capital requirement	Risk-weighted exposure amount	Average risk weighting	Capital requirement	Risk-weighted exposure amount	Average risk weighting
Credit risk according to IRB									
Corporate exposures	679,520	8,494,005	73.2%	513,696	6,421,200	70.5%	607,826	7,597,823	71.6%
Retail exposures	420,887	5,261,087	17.7%	580,577	7,257,208	24.1%	583,802	7,297,521	24.2%
Non credit-obligation assets exposure	427,490	5,343,621	100.0%	404,321	5,054,016	100.0%	413,976	5,174,706	100.0%
Total according to IRB	1,527,897	19,098,713	40.9%	1,498,594	18,732,424	42.3%	1,605,604	20,070,050	43.7%
Credit risk STD									
Exposures to central governments or central banks	-	-	-	-	-	-	-	-	-
Exposures to provincial or regional government bodies or local authorities	-	-	-	-	-	-	-	-	-
Exposures to public sector	182	2,280	20.0%	114	1,420	20.0%	142	1,778	20.0%
Exposures to institutions	54,914	686,428	20.0%	58,484	731,055	20.0%	33,858	423,225	20.0%
Corporate exposures	60,821	760,262	93.2%	63,576	794,703	91.5%	76,978	962,227	91.3%
Retail exposures	25,733	321,663	62.8%	22,526	281,581	61.8%	23,817	297,707	62.4%
Exposures in default	209	2,607	150.0%	190	2,372	150.0%	269	3,365	146.6%
Covered bonds	11,968	149,602	10.0%	13,982	174,773	10.0%	14,384	179,800	10.0%
Equity exposures	1,469	18,363	100.0%	1,371	17,142	100.0%	1,678	20,975	100.0%
Other items	4,567	57,092	100.0%	4,522	56,526	100.0%	2,099	26,239	100.0%
Total STD	159,864	1,998,295	25.2%	164,766	2,059,571	25.4%	153,225	1,915,316	27.0%
Total	1,687,761	21,097,008	38.6%	1,663,360	20,791,995	39.7%	1,758,829	21,985,366	41.5%
Operational risk	183,321	2,291,514	-	170,024	2,125,302	-	183,321	2,291,514	-
Credit value adjustment (CVA)	3,528	44,100	-	1,224	15,304	-	1,323	16,537	-
Additional risk exposure amounts due to Article 3 CRR	173,610	2,170,122	-	-	-	-	-	-	-
Total minimum capital requirement and risk-weighted exposure amount	2,048,220	25,602,745	-	1,834,608	22,932,601	-	1,943,473	24,293,417	-



NOTE 9. 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 balance sheet. 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 32.6 million and liabilities to SEK 56.2 million. Securities in the amount of SEK 12.3 million were received and assets of SEK 36.0 million were pledged as of 30 September 2023.



Amounts in SEK thousand

ASSETS, JAN - SEP 2023	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Treasury bills eligible as collateral etc.	1,438,281	-	-	1,438,281	1,438,656
Lending to credit institutions	-	-	3,285,130	3,285,130	3,285,130
Loans and advances to the public	-	-	16,330,316	16,330,316	15,939,906
Bonds and other interest-bearing securities	1,496,148	656,600	-	2,152,748	2,152,615
Shares and participations in other companies*	-	6,481	-	6,481	6,481
Other assets*	-	1,630	1,075,067	1,076,697	1,076,697
Prepaid expenses and accrued income	-	-	158,886	158,886	158,886
Total	2,934,429	664,711	20,849,399	24,448,539	24,058,371

Liabilities, Jan - Sep 2023	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Liabilities to credit institutions	-	-	1,342,124	1,342,124	1,319,048
Deposits and borrowing from the public	-	-	24,065,269	24,065,269	24,065,098
Securities issued	-	12,793,708	-	12,793,708	12,746,783
Other liabilities*	-	56,219	1,335,268	1,391,487	1,391,487
Accrued expenses and deferred income	-	-	2,054,163	2,054,163	2,054,163
Total	-	12,849,927	28,796,824	41,646,751	41,576,578

ASSETS, JAN - SEP 2022	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Treasury bills eligible as collateral etc.	984,996	-	-	984,996	986,467
Lending to credit institutions	-	-	3,530,475	3,530,475	3,530,475
Loans and advances to the public	-	-	16,503,902	16,503,902	16,065,069
Bonds and other interest-bearing securities	1,745,361	798,192	-	2,543,553	2,545,922
Shares and participations in other companies*	-	4,984	-	4,984	4,984
Other assets*	-	38,732	890,638	929,370	929,370
Prepaid expenses and accrued income	-	-	113,908	113,908	113,908
Total	2,730,357	841,908	21,038,923	24,611,188	24,176,195

Liabilities, Jan - Sep 2022	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Liabilities to credit institutions	-	-	956,399	956,399	947,619
Deposits and borrowing from the public	-	-	22,737,339	22,737,339	22,737,302
Securities issued	-	12,374,466	-	12,374,466	12,452,361
Other liabilities*	-	84,868	1,119,551	1,204,419	1,204,419
Accrued expenses and deferred income	-	-	1,496,782	1,496,782	1,496,782
Subordinated liabilities	-	397,682	-	397,682	400,000
Total	-	12,857,016	26,310,071	39,167,087	39,238,483

* 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	Amounts in SEK thousand					
	Financial assets measured at amortised cost	Derivatives in hedge accounting	Other assets	Fair value via the income statement (mandatory)	Total	Fair value
30/09/2023						
Treasury bills eligible as collateral etc.	1,438,656	-	-	-	1,438,656	1,438,281
Lending to credit institutions	3,285,130	-	-	-	3,285,130	3,285,130
Loans and advances to the public	15,939,906	-	-	-	15,939,906	16,330,316
Bonds and other interest-bearing securities	2,152,615	-	-	-	2,152,615	2,152,748
Shares and participations in other companies	-	-	-	6,481	6,481	6,481
Shares and participations in associated companies	-	-	5,140	-	5,140	-
Shares and participations in Group companies	-	-	6,742	-	6,742	-
Intangible non-current assets	-	-	20,594	-	20,594	-
Tangible assets: inventory	-	-	1,860	-	1,860	-
Tangible assets: lease items	-	-	24,728,482	-	24,728,482	-
Tangible current assets	-	-	19,227	-	19,227	-
Other assets	880,939	1,630	163,174	30,954	1,076,697	1,076,697
Deferred tax asset	-	-	-	-	-	-
Prepaid expenses and accrued income	158,886	-	-	-	158,886	158,886
Total assets	23,856,132	1,630	24,945,219	37,435	48,840,416	
Liabilities						
30/09/2023						
Liabilities to credit institutions	-	-	1,319,048	-	1,319,048	1,342,124
Deposits and borrowing from the public	-	-	24,065,098	-	24,065,098	24,065,269
Securities issued	-	-	12,746,783	-	12,746,783	12,793,708
Other liabilities	545,001	53,365	790,266	2,854	1,391,487	1,391,487
Accrued expenses and deferred income	1,510,486	-	543,677	-	2,054,163	2,054,163
Subordinated liabilities	-	-	-	-	-	-
Total liabilities	2,055,487	53,365	39,464,872	2,854	41,576,578	

Assets	Amounts in SEK thousand					
	Financial assets measured at amortised cost	Derivatives in hedge accounting	Other assets	Fair value via the income statement (mandatory)	Total	Fair value
30/09/2022						
Treasury bills eligible as collateral etc.	986,467	-	-	-	986,467	984,996
Lending to credit institutions	3,530,475	-	-	-	3,530,475	3,530,475
Loans and advances to the public	16,065,069	-	-	-	16,065,069	16,503,902
Bonds and other interest-bearing securities	2,545,922	-	-	-	2,545,922	2,543,553
Shares and participations in other companies	-	-	-	4,984	4,984	4,984
Shares and participations in associated companies	-	-	5,417	-	5,417	-
Shares and participations in Group companies	-	-	6,742	-	6,742	-
Intangible non-current assets	-	-	24,732	-	24,732	-
Tangible assets: inventory	-	-	4,304	-	4,304	-
Tangible assets: lease items	-	-	21,688,664	-	21,688,664	-
Other assets	546,878	2,333	343,760	36,399	929,370	929,370
Deferred tax asset	-	-	73,000	-	73,000	-
Prepaid expenses and accrued income	113,908	-	-	-	113,908	113,908
Total assets	23,788,719	2,333	22,146,619	41,383	45,979,054	
Liabilities						
30/09/2022						
Liabilities to credit institutions	-	-	947,619	-	947,619	956,399
Deposits and borrowing from the public	-	-	22,737,302	-	22,737,302	22,737,339
Securities issued	-	-	12,452,361	-	12,452,361	12,374,466
Other liabilities	487,575	49,823	631,975	35,045	1,204,419	1,204,419
Accrued expenses and deferred income	1,348,676	-	148,105	-	1,496,782	1,496,782
Subordinated liabilities	-	-	400,000	-	400,000	397,682
Total liabilities	1,836,251	49,823	37,317,363	35,045	39,238,483	

NOTE 10. 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	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022	30/09/2023	30/09/2022
Assets	6,742	6,742	5,140	92,934	969,950	1,119,483
Liabilities	6,789	6,789	121,060	99,385	335,829	291,864
Income statement						
Interest income	-	-	4,197	1735	124	3
Lease income	-	-	-	-	230,487	286,841
Interest expenses	-	-	-730	-41	-4,597	-309
Commission income	-	-	2,313	3,212	9,533	10,044
Other operating income	-	-	3,082	2,289	-	-
Total	-	-	8,862	7,195	235,547	296,579

NOTE 11. EVENTS AFTER THE END OF THE PERIOD

New articles of association were adopted at the extraordinary general meeting in October, stating that the company will change its name from Volvofinans Bank AB to Ziklo Bank AB.



VOLVOFINANS BANK

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