

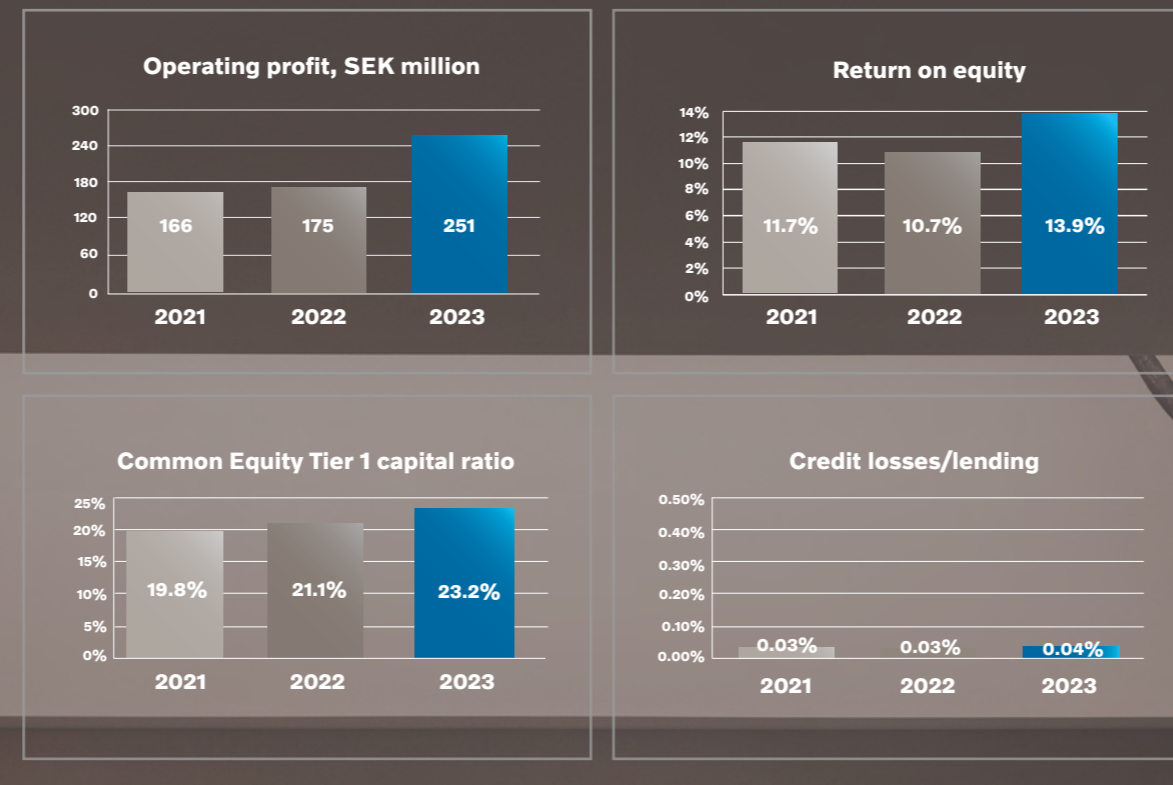
INTERIM REPORT 1 JANUARY – 31 MARCH
2023



VOLVOFINANS BANK

SUMMARY

JANUARY - MARCH 2023



INTRODUCTION AND FINANCIAL STATEMENTS



STATEMENT BY THE CEO

The bank's operating profit for the first three months of the year came in at SEK 251 million (175), which is a very strong performance driven by very high net interest income during the period. The return on equity during the first quarter was 13.7%. For the first time in the bank's history, lending exceeded SEK 40 billion, despite a general decline in the demand for money in a worsening economic climate. The rapid interest rate rises from the Swedish Central Bank provided Volvofinans Bank with greater net interest income through our robust funding mix, and our interest rate (3%) attracted deposits from many private individuals.

Other key ratios presented during the quarter were also very strong, which is especially important in a period that was preceded by apprehension in international banking, especially in the light of events at Silicon Valley Bank and Credit Suisse. In this type of turbulence, it is especially important to stress test various scenarios and investigate the potential effects and risks that this may entail for the bank. However, we can in general declare that the bank's business model continues to be very strong. If we look at the bank's credit losses in isolation, they only amount to 0.04% resulting from a combination of the bank's unique business model with well-established credit risk models, and a substantial, diversified customer base. While the higher interest rates and the tough economic climate will increase our credit losses moving forward, this will nevertheless take place from a very low level. The bank's capital adequacy continues to be very strong despite the increased lending, and the Common Equity Tier 1 capital ratio has increased to no less than 23.2%.



“For the first time in the bank's history, lending exceeded SEK 40 billion”

Development in segments

The Cars segment, with the businesses Retail Cars, OEM and Payments, together with the Fleet and Trucks segments are all performing according to or above plan in their respective market areas. Cars is continuing with developments in the new businesses, and Fleet remains the market leader in Sweden and is increasing its volumes. The continued strong used vehicle market has also helped the bank maintain its strong earnings in the business area. Together with Volvo Trucks and Volvo Dealers, Trucks contributes to the development of electric trucks while also continuing to gain market share. Our manufacturers still have large order backlogs, but the challenges moving forward arises from a worsening economic climate, which is currently primarily noticeable on the consumer side as a result of a substantial reduction in the demand for new cars. The industry organisation Mobility

Sweden recently adjusted its annual forecast for new car registrations from 290,000 to 265,000. In our value chain, the bank has extensive experience of meeting fluctuations in the economic cycle, and of developing and adapting our packages and offers together with our partners to help our customers and meet prevailing market requirements.

The Mobility Bank in the Green City

Even though the economic climate is uncertain moving forward, not least with regard to the high interest rates and debt-burdened consumers and companies, we have great confidence and see an exciting future for the bank. We are preparing for the future through continued investments in digital capabilities. Accordingly, we will continue untiringly on our exciting journey toward the new emergent green society and occupy the leading position as The Mobility Bank, where we will go on developing the circular mobility products and services the market demands.

Conny Bergström

CEO
Volvofinans Bank AB

Volvofinans Bank AB (publ), Co. Reg. 556069-0967, is obliged to publish this information under the Swedish Securities Market Act (SFS 2007:528).
This report was submitted for publication on 05 May 2023.

JAN–MAR 2023 IN SUMMARY

Operating profit:
SEK 251 million (175)

Return on equity:
13.9% (10.7)

Lending as of 31 March:
SEK 40.2 billion (38.8)

Credit losses
SEK 5.4 million (2.3)

Common Equity Tier 1 capital ratio:
23.2% (21.1)

Cost/Income ratio:
0.45 (0.46)

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 40.2 billion compared to 38.8 billion in the previous year. Trucks accounted for SEK 5.2 billion (4.4) of lending, equivalent to 13% (11) of the total. Fleet accounted for SEK 9.6 billion (8.8) of lending or 24% (23) and Volvo Card for 5% (5) or SEK 1.9 billion (1.9). The remainder – SEK 23.5 billion (23.7) – is attributable to passenger car financing in business area Cars, which corresponds to 59% (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 250.9 million (174.7), which is SEK 76.2 million or 44% higher than the corresponding quarter last year. The Bank's net interest income and leasing is SEK 111.1 million higher than the first quarter in 2022, mainly due to lower borrowing costs. 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 26.9 million higher than the first quarter of 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 58.4 million (16.0).

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 7.5 million (5.9) and for loans and leasing SEK 192.4 million (162.2), of which SEK 189.6 million (159.2) is covered by recourse. Loans subject to deferral totalled SEK 70.2 million (64.0).

Verified credit losses of SEK 3.8 million (3.6) relate mainly to the credit card business. Expected credit losses are calculated based on a prospective impairment model, where the calculation takes account of macroeconomic data, demographic variables and behavioural variables. During the year, these forecast variables generated provisions for expected credit losses of SEK 1.6 million (-1.4). Thus credit losses for the year totalled SEK 5.4 million (2.3). The provision for expected credit losses totals SEK 37.7 million (25.6).

Residual value risk

There is residual value risk in operational leases corresponding to the risk that the present value of the remaining rents plus the present value of the expected residual value is lower than the book value and that the bank thereby sustains a loss.

As of 31 March 2023, the bank carried out impairments totalling SEK 58.4 million (16.0) related to residual value risk, mainly due to the bank's increased residual value positions in operational leases and increased selling costs when calculating the recoverable value.

As of 31 March 2023, the bank's residual value positions for operational lease assets totalled SEK 5.9 billion (5.1). The bank carried out impairments totalling SEK 252.9 million (140.9) reported under depreciations, amortisation and impairments of tangible assets.

Funding and liquidity

Deposits in the bank's savings account increased by SEK 38 million in the first quarter, reaching a total balance of SEK 21.9 billion (20.1) as of 31 March. Total deposits including the credit balance for the Volvo Card and deposits from Volvo dealerships stood at SEK 23.1 billion (21.9) and accounted for 60% (59) 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 1.3 billion and NOK 700 million were issued during the quarter. Certificates of deposit relating to short-term borrowing were issued in the amount of SEK 125 million during the quarter. Volvofinans Bank AB's outstanding financing through its MTN, its market loan programmes and certificates totalled a nominal SEK 13.7 billion (13.7), of which green bonds accounted for SEK 4.1 billion on 31 March 2023.

In addition to market borrowing and deposits, the bank also finances its activities through bank credits, which total SEK 1.4 billion (1.0). The proportion of financing from market loans programmes and the banking sector with remaining maturity of more than one year was 71% (67).

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 (5.3). The securities holding accounted for SEK 4.0 billion (57%) and non-fixed deposits at other banks totalled SEK 2.9 billion (43%). Volvofinans Bank's liquidity reserve must always be at least 10% in relation to lending volume. As of 31/03/2023, total lending was SEK 40.2 billion, which means the liquidity reserve corresponded to 17% (14). In addition to the liquidity reserve, available and unutilised loan facilities totalled SEK 3.8 billion (4.3).

At the end of the first quarter, Volvofinans Bank's liquidity coverage ratio (LCR) under article 415 of the EU Capital Requirements Regulation (CRR) totalled 232% (207), and the net stable funding ratio (NSFR) was 120% under CRR2.

Capital adequacy

Volvofinans Bank calculates most of the credit risk on the basis of its internal ratings-based approach (IRB), while the remainder is calculated according to the standard method. The Tier 1 ratio amounted to 23.2% (21.1) as of 31/03/2023 and the capital requirement was assessed internally to 13.4% (12.3) 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 622 million (584). The counter cyclical buffer value of 1.0 (0.0) per cent of REA totalled SEK 249 million (0). The value will be 2.0% from June 2023.

The leverage ratio was 12.3% (11.0) as of 31 May 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. The subordinated loan was excluded from the capital base calculation of 31 March 2023; see Note 8.

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 has 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:

8 June 2023	AGM
25 August 2023	Interim Report January-June 2023
7 November 2023	Interim Report January-September 2023

Certificate

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

Gothenburg, 5 May 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

	31/03/2023	31/03/2022	31/12/2022
Return on equity, %*	13.94	10.69	11.46
Deposits / Lending, %	57.48	56.54	57.81
Profit / Risk-weighted assets, %	4.03	2.99	3.19
Total capital ratio, %	23.18	22.76	24.59
Common Equity Tier 1 capital ratio, %	23.18	21.05	22.94
Cost/Income ratio	0.45	0.46	0.45
Cost/Income ratio excl. residual value provision	0.32	0.42	0.40
Credit losses / Lending, %	0.04	0.03	0.06
Liquidity coverage ratio (LCR), %	232	207	210
NSFR (Net Stable Funding Ratio), %	120	117	118
Leverage ratio, %	12.3	11.0	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/finansella-rapporter/>

Income statement, overview

	Amounts in SEK thousand			
	2023 Q1	2022 Q4	2022 Q1	2022 Jan-Dec
Interest income	286,892	232,495	135,063	709,272
Lease income	1,730,382	1,675,340	1,533,844	6,364,920
Interest expenses	-264,015	-189,006	-67,443	-455,369
Net interest income	1,753,259	1,718,829	1,601,464	6,618,822
Dividends received	11	11	8	75
Commission income	103,155	97,004	83,879	389,271
Commission expenses	-33,140	-46,956	-26,974	-156,594
Net result from financial transactions	-8,198	-456	13,705	32,384
Other operating income, Note 4	106,946	87,423	75,779	312,009
Total operating income	1,922,032	1,855,856	1,747,861	7,195,967
General administration expenses	-134,992	-141,873	-121,765	-495,761
Depreciation and impairment of tangible and intangible non-current assets, Note 5	-1,518,645	-1,497,411	-1,436,345	-5,847,030
Other operating expenses	-12,257	-15,914	-12,405	-54,859
Total operating expenses	-1,665,895	-1,655,198	-1,570,515	-6,397,650
Profit before credit losses	256,137	200,658	177,346	798,318
Credit losses, net, Note 6	-5,228	-5,324	-2,315	-23,118
Impairments/Reversals of financial fixed assets, net	-14	-20	-302	-17
Operating profit	250,895	195,313	174,728	775,183
Appropriations	-	853,176	-	853,176
Taxes, Note 7	-51,684	-173,917	-35,994	-293,370
Profit	199,211	874,572	138,734	1,334,989

Balance sheet highlights

	Amounts in SEK thousand		
	31/03/2023	31/03/2022	31/12/2022
Treasury bills eligible as collateral etc.	1,520,085	1,097,725	1,238,893
Lending to credit institutions	2,949,135	2,589,297	1,987,473
Loans and advances to the public	16,108,462	16,654,296	16,437,193
Bonds and other interest-bearing securities	2,460,123	1,641,442	2,495,493
Shares and participations in other companies	5,907	3,598	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	18,428	20,790	19,224
Tangible assets: inventory	2,914	5,058	3,485
Tangible assets: lease items	24,067,623	22,125,943	23,426,952
Other assets*	815,014	1,515,407	1,213,419
Deferred tax asset, Note 7	-	219,000	-
Prepaid expenses and accrued income	184,455	133,781	76,965
Total assets, Note 9	48,144,029	46,018,496	46,920,073
Liabilities to credit institutions	1,366,667	1,028,571	1,407,143
Deposits and borrowing from the public	23,094,069	21,924,674	23,044,465
Securities issued	13,540,343	13,658,492	12,383,444
Other liabilities*	1,110,097	1,067,619	1,494,354
Accrued expenses and deferred income	1,671,675	1,389,640	1,428,700
Subordinated liabilities	400,000	400,000	400,000
Total liabilities, Note 9	41,182,851	39,468,996	40,158,106
Untaxed reserves	4,679,919	5,533,095	4,679,919
Equity	2,281,259	1,016,405	2,082,049
Total liabilities and equity	48,144,029	46,018,496	46,920,073

* Of which derivative instruments with positive and negative market values

Derivative instruments with positive market value	33,096	18,026	37,681
Derivative instruments with negative market value	-124,663	-32,071	-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	-	-	-	138,734	138,734
Transfer, internally generated development costs	-	-	1,743	-1,743	-
Total before transactions with shareholders	400,000	20,000	20,790	575,615	1,016,405
Dividend	-	-	-	-	-
Closing equity, 31 March 2022	400,000	20,000	20,790	575,615	1,016,405
	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	-	-	-	199,211	199,211
Capitalisation of development expenditures	-	-	1,400	-1,400	-
Dissolution resulting from development expenditure depreciations and impairments for the year	-	-	-2,196	2,196	-
Total before transactions with shareholders	400,000	20,000	18,428	1,842,831	2,281,259
Dividend	-	-	-	-	-
Closing equity, 31 March 2023	400,000	20,000	18,428	1,842,831	2,281,259



Cash flow statement

	Amounts in SEK thousand		
	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Operating activities			
Operating profit	250,895	174,728	775,183
Adjustment of items not included in cash flow			
Unrealised portion of net result from financial transactions	-8,198	13,859	33,626
Depreciations, amortisation, impairments	1,518,645	1,436,345	5,847,030
Credit losses	5,229	2,315	23,117
Paid/refunded (-/+) tax	-10,927	-8,232	-63,814
Changes to assets and liabilities in operating activities			
Treasury bills eligible as collateral etc.	-281,192	488,423	347,255
Loans and advances to the public	323,403	215,413	411,910
Bonds and other interest-bearing securities	35,370	-188,756	-1,042,806
Deposits and borrowing from the public	49,605	129,679	1,249,471
Liabilities to credit institutions	-40,476	-40,476	338,095
Other assets	250,257	-768,387	-392,575
Securities issued	1,156,898	566,130	-708,918
Other liabilities	-133,085	98,545	544,573
Cash flow from operating activities	3,116,424	2,119,587	7,362,147
Investing activities			
Capitalised development expenditures	-1,399	-4,454	-18,849
Investments in shares and participations	-440	-193	-2,061
Disposal/redemption of shares and participations	3,626	2,077	-1,273
Disposal of tangible assets	1,394,099	1,214,412	3,995,200
Acquisition of tangible assets	-3,550,648	-2,975,996	-11,450,944
Cash flow from investing activities	-2,154,762	-1,764,154	-7,477,927
Financing activities			
Dividends paid	-	-	-130,611
Cash flow from financing activities	-	-	-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	3,116,424	2,119,587	7,362,147
Cash flow from investing activities	-2,154,762	-1,764,154	-7,477,927
Cash flow from financing activities	-	-	-130,611
Cash and cash equivalents at end of period	2,949,135	2,589,297	1,987,473



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-Mar	2022 Jan-Mar	2022 Jan-Dec
Net interest income and net leasing*	295,970	184,331	864,737
Change in impairment of operational leases	-58,402	-16,014	-69,567
Dividends received	11	8	75
Commission income	103,155	83,879	389,271
Commission expenses	-33,140	-26,974	-156,594
Net result from financial transactions	-8,198	13,705	32,384
Service, repair and tyre agreements	16,208	13,402	56,625
Disposals, operational leases	88,224	61,364	249,391
Other income	2,514	1,014	5,993
Operating income	406,341	314,714	1,372,315
Overhead expenses**	-150,051	-137,734	-572,950
Credit losses	-3,801	-3,630	-14,972
Credit risk provision	-1,594	1,378	-9,210
Operating profit	250,895	174,728	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		
	31/03/2023	31/03/2022	31/12/2022
Car loans, Truck loans etc.	13,777,635	14,502,011	13,752,068
Contract credits	4,622	138,776	105,110
Credit card credits	1,851,132	1,867,020	1,854,293
Inventory credits	298,354	118,504	617,735
Promissory note loans	176,719	27,985	107,987
Lease items	24,067,623	22,125,943	23,426,952
Lending	40,176,085	38,780,239	39,864,145

Product Information	Amounts in SEK thousand		
	31/03/2023	31/03/2022	31/12/2022
Number of transferred loans and leases	201,351	214,283	204,142
of which loans	97,379	112,146	100,649
of which leases	103,972	102,137	103,493

	Amounts in SEK thousand		
	31/03/2023	31/03/2022	31/12/2022
Average contract loans and leasing	188	171	182
of which loans	141	129	137
of which leases	231	217	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, passenger car registrations decreased by just 9.2%. The 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. So far, demand among companies remains strong, but the already depressed private market has cooled, which can be attributed to the economic climate. However, while the order books are still well filled, supply is under pressure and delivery capacity remains a bottleneck. 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 reached 11,917 cars, equivalent to a market share of 18.8%, where Volvofinans provides a high proportion of the financing. The number of registrations totalled 63,304 during the first quarter and Mobility Sweden forecasts 265,000 registrations for 2023.

Our digital CarPay service continues to provide high inflows and the app has been downloaded by 815,000 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-Mar	2022 Jan-Mar	2022 Jan-Dec
Net interest income and net leasing*	215,660	148,416	671,218
Change in impairment of operational leases	-20,784	-17,011	-42,565
Dividends received	11	8	75
Commission income	66,176	56,437	276,649
Commission expenses	-31,009	-25,565	-151,880
Net result from financial transactions	-6,497	9,002	30,438
Disposals, operational leases	3,055	663	5,176
Other income	1,888	789	4,787
Operating income	228,500	172,739	793,898
Overhead expenses**	-98,310	-97,435	-405,014
Credit losses	-3,801	-3,630	-14,972
Credit risk provision	-1,441	917	-8,252
Operating profit	124,949	72,590	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		
	31/03/2023	31/03/2022	31/12/2022
Number of contracts	159,943	178,867	165,389
Total volume, SEK million	24,191	24,893	24,517
of which transferred, %	96.4	94.6	94.8
of which pledged, %	3.6	5.4	5.2
of which loans, %	40.5	44.1	41.0
of which leases, %	59.5	55.9	59.0
Private leasing as a proportion of total leases, %	31.5	27.8	31.7

Product information, cards	Amounts in SEK thousand		
	31/03/2023	31/03/2022	31/12/2022
Average number of active accounts	368,283	380,835	384,942
Total volume, SEK million	1,851	1,867	1,854
Average number of credit customers	75,946	73,583	75,901
Total sales Volvo Card, SEK million	4,007	3,915	17,611
of which fuel, %	33.5	36.5	36.6
of which workshop, %	13.1	13.4	12.6
of which retail store, %	0.9	1.0	0.9
of which car wash, %	1.3	1.7	1.1
of which sales outside Volvo dealers, %	43.4	38.1	40.9
of which other (incl. car loans and insurance), %	7.9	9.3	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-Mar	2022 Jan-Mar	2022 Jan-Dec
Net interest income and net leasing*	32,435	14,913	76,789
Commission income	1,056	940	4,038
Commission expenses	-319	-241	-970
Net result from financial transactions	-694	1,523	1,216
Other income	22	26	307
Operating income	32,500	17,160	81,379
Overhead expenses**	-7,868	-9,434	-39,105
Credit losses	-	-	-
Credit risk provision	-6	-34	-8
Operating profit	24,626	7,692	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	31/03/2023	31/03/2022	31/12/2022
Number of contracts	8,044	7,919	8,093
Total volume, SEK million	5,803	5,227	5,706
of which transferred, %	89.8	84.4	84.2
of which pledged, %	10.2	15.6	15.8
of which loans, %	78.6	79.2	78.1
of which leases, %	21.4	20.8	21.9
Operating leases as a proportion of total leases, %	27.6	21.2	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 March 2023. The number of agreements has risen by around 4% compared to the same period last year. We have retained our position as market leader thanks to our long-term customer relations in which we act as an advisor concerning company vehicle fleets. Our focus in the past few years has largely been on helping companies with their green transition and to adapt their fleets to new regulations. The majority of the new contracts were in the operating leases category. The market for second-hand cars continues to be strong, which is also reflected in the disposal gains for the sale of returned operational leasing cars. The accumulated surplus on sales of these cars is SEK 24 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-Mar	2022 Jan-Mar	2022 Jan-Dec
Net interest income and net leasing*	47,875	21,003	116,730
Change in impairment of operating leases	-37,619	996	-27,002
Commission income	35,923	26,502	108,584
Commission expenses	-1,812	-1,168	-3,744
Net result from financial transactions	-1,008	3,181	730
Service, repair and tyre agreements	16,209	13,402	56,625
Disposals, operational leases	85,169	60,700	244,215
Other income	603	199	898
Operating income	145,341	124,816	497,037
Overhead expenses**	-43,873	-30,865	-128,831
Credit losses	-	-	-
Credit risk provision	-148	495	-950
Operating profit	101,321	94,446	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	31/03/2023	31/03/2022	31/12/2022
Number of financing contracts	39,702	36,996	39,445
Number of administered contracts	50,377	48,402	49,971
Total volume, SEK million	9,599	8,773	9,350
of which operating leases, %	70.0	72.9	69.9
of which financial leases, %	30.0	27.1	30.1



NOTE 4. OTHER OPERATING INCOME

	Amounts in SEK thousand		
	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Capital gains on the sale of tangible assets	1,049	398	1,761
Revenues, service and repair contracts	16,208	13,402	56,625
Disposals, Operating leases	88,224	61,364	249,391
of which sales revenue	(319,584)	(217,228)	(855,215)
of which cost of goods sold	(-231,359)	(-155,864)	(-605,824)
Income from associated companies	1,457	616	3,350
Other income	8	-	882
Total	106,946	75,779	312,009

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

	Amounts in SEK thousand		
	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Depreciations, leased items	-1,457,288	-1,417,133	-5,754,086
Impairment charges / Reversals; lease item residual value risk	-58,402	-16,014	-69,567
Impairment charges / Reversals; lease item credit risk	-153	366	-1,048
Depreciations, inventory	-606	-853	-3,658
Depreciations and impairment of intangible assets	-2,196	-2,710	-18,672
Total depreciations	-1,518,645	-1,436,345	-5,847,030

NOTE 6. CREDIT LOSSES, NET

	Amounts in SEK thousand		
	31/03/2023	31/03/2022	31/12/2022
Credit losses			
Loans at amortised cost (incl. unused part of limit)			
Provisions – stage 1	17,161	10,393	16,789
Provisions – stage 2	11,196	7,751	10,895
Provisions – stage 3	3,637	2,963	2,883
Total reserve	31,994	21,107	30,567
	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Loans at amortised cost (incl. unused part of limit)			
Change in provisions – stage 1	-372	611	-5,785
Change in provisions – stage 2	-301	945	-2,199
Change in provisions – stage 3	-754	-241	-161
Total change in provisions	-1,427	1,315	-8,145
Write-off, confirmed credit losses	-4,319	-4,318	-17,353
Recoveries of previously confirmed credit losses	518	688	2,377
Total	-3,801	-3,630	-14,976
Credit losses, net*	-5,228	-2,315	-23,121

* 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		
	31/03/2023	31/03/2022	31/12/2022
Credit losses			
Lease assets at accrued cost			
Provisions – stage 1	3,266	2,189	3,078
Provisions – stage 2	361	215	407
Provisions – stage 3	1,195	851	1,184
Total reserve	4,822	3,255	4,669

	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
	Lease assets at accrued cost		
Change in provisions – stage 1	-188	128	-761
Change in provisions – stage 2	46	-21	-213
Change in provisions – stage 3	-11	259	-74
Total change in provisions**	-153	366	-1,048
Write-off, confirmed credit losses	-	-	-
Recoveries of previously confirmed credit losses	-	-	4
Total***	-	-	4
Credit losses, net	-153	366	-1,044

** Refer to the Income statement overview and the line item 'Depreciation and impairment of tangible and intangible non-current assets', Note 4. Note 4 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		
	31/03/2023	31/03/2022	31/12/2022
Credit losses			
Financial fixed assets			
Provisions – stage 1	928	1,199	914
Provisions – stage 2	-	-	-
Provisions – stage 3	-	-	-
Total reserve	928	1,199	914

	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
	Financial fixed assets		
Change in provisions – stage 1	-14	-303	-17
Change in provisions – stage 2	-	-	-
Change in provisions – stage 3	-	-	-
Total change in provisions	-14	-303	-17
Credit losses, net****	-14	-303	-17

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

	Amounts in SEK thousand		
	31/03/2023	31/03/2022	31/12/2022
Credit losses			
Total assets			
Provisions – stage 1	21,355	13,781	20,781
Provisions – stage 2	11,557	7,966	11,302
Provisions – stage 3	4,832	3,814	4,067
Total reserve	37,744	25,561	36,150

	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
	Total assets		
Change in provisions – stage 1	-574	436	-6,563
Change in provisions – stage 2	-255	924	-2,412
Change in provisions – stage 3	-765	18	-235
Total change in provisions	-1,594	1,378	-9,210
Write-off, confirmed credit losses	-4,319	-4,318	-17,353
Recoveries of previously confirmed credit losses	518	688	2,381
Total	-3,801	-3,630	-14,972
Credit losses, net	-5,395	-2,252	-24,182

NOTE 7. TAX

	Amounts in SEK thousand		
	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Tax			
Current tax	-51,684	37,006	-1,370
Deferred tax expense with regard to other unutilised tax deductions	-	-73,000	-292,000
Tax	-51,684	-35,994	-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				
	31/03/2023	31/12/2022	30/09/2022	30/06/2022	31/03/2022
Available capital base (amount)					
Common Equity Tier 1 (CET1) capital	5,771,026	5,572,602	5,328,390	5,116,924	4,914,409
Tier 1 capital	5,771,026	5,572,602	5,328,390	5,116,924	4,914,409
Total capital	5,771,026	5,972,602	5,728,390	5,516,924	5,314,409
Risk-weighted exposure amounts					
Total risk-weighted exposure amount	24,895,259	24,293,417	22,932,601	22,953,509	23,349,328
Capital ratio (as a percentage of the risk-weighted exposure amount)					
Common Equity Tier 1 capital ratio, %	23.2	22.9	23.2	22.3	21.1
Tier 1 capital ratio, %	23.2	22.9	23.2	22.3	21.1
Total capital ratio, %	23.2	24.6	25.0	24.0	22.8
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of the risk-weighted amount of exposure)					
Additional own funds requirements to address risks other than the risk of excessive leverage, %	-	-	-	-	-
of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
of which: to be made up of Tier 1 capital (percentage points)	-	-	-	-	-
Total SREP own funds requirements, %	8.0	8.0	8.0	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	1.0	-	-
System risk buffer, %	-	-	-	-	-
Global Systemically Important Institution buffer, %	-	-	-	-	-
Other Systemically Important Institution buffer, %	-	-	-	-	-
Combined buffer requirement, %	3.5	3.5	3.5	2.5	2.5
Overall capital requirements, %	11.5	11.5	11.5	10.5	10.5
CET1 available after meeting the total SREP own funds requirements, %	18.7	18.4	18.7	17.8	16.6
Leverage ratio					
Total exposure measure	46,990,777	45,639,695	45,008,622	45,190,118	44,760,649
Leverage ratio, %	12.3	12.2	11.8	11.3	11.0
Additional own funds requirements to address the risk of excessive leverage (as a percentage of the total exposure measure)					
Additional own funds requirements to address the risk of excessive leverage, %	-	-	-	-	-
of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
Total SREP leverage ratio requirements, %	3.0	3.0	3.0	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)*	2,596,326	2,420,982	2,300,340	2,260,681	2,278,983
Cash outflows – Total weighted value*	4,512,124	4,345,288	4,252,538	4,154,440	4,157,008
Cash inflows – Total weighted value*	4,818,277	4,676,561	4,545,091	4,062,100	3,779,553
Total net cash outflows (adjusted value)*	1,146,654	1,104,945	1,063,135	1,038,610	1,039,252
Liquidity Coverage Ratio, %*	230	220	217	218	220
Net stable funding ratio					
Total available stable funding	39,833,629	38,540,914	37,529,413	37,642,927	38,307,334
Total required stable funding	33,304,257	32,662,417	31,936,461	32,522,369	32,676,508
Net stable funding ratio, %	120	118	118	116	117

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

CAPITAL BASE

	Amounts in SEK thousand		
	31/03/2023	31/03/2022	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	1,643,621	436,881	307,835
Other reserves	3,754,284	4,434,067	3,755,080
Net interim profit after deductions for predictable expenses and dividends verified by persons in an independent position.	-	-	1,181,387
Common Equity Tier 1 capital before regulatory adjustments	5,797,905	5,270,948	5,644,302
Common Equity Tier 1 capital: regulatory adjustments			
Further value adjustments (negative amount)	-158	-50	-101
Intangible assets (net after reduction of related tax liabilities) (negative amount)	-18,428	-20,790	-19,224
Deferred tax assets dependent on future profitability, except those that arise as a result of temporary differences*	-	-219,000	-
Negative amounts resulting from the calculation of expected loss amount	-4,099	-90,139	-52,375
Losses for the current financial year (negative amount)	-4,194	-26,560	-
Total regulatory adjustments to Common Equity Tier 1	-26,879	-356,539	-71,700
Common Equity Tier 1 (CET1) capital	5,771,026	4,914,409	5,572,602
Tier 1 capital contribution: Instrument			
Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital ratio + Tier 1 capital contribution)	5,771,026	4,914,409	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)	5,771,026	5,314,409	5,972,602
Total risk-weighted assets	24,895,259	23,349,328	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		
	31/03/2023	31/03/2022	31/12/2022
Risk-weighted assets	24,895,259	23,349,328	24,293,417
Common Equity Tier 1 capital ratio, %	23.18	21.05	22.94
Tier 1 capital ratio, %	23.18	21.05	22.94
Total capital ratio, %	23.18	22.76	24.59
Total capital requirement, %	13.35	12.31	13.40
Institution-specific Common Equity Tier 1 capital requirements including buffer requirements, %	9.00	8.00	9.10
of which: Pillar 1 requirement, %	4.50	4.50	4.50
of which: Pillar 2 requirement, %	1.00	1.00	1.10
of which requirement for capital conservation buffer, %	2.50	2.50	2.50
of which requirement for countercyclical buffer, %	1.00	-	1.00

INTERNALLY ASSESSED CAPITAL REQUIREMENT

	Amounts in SEK thousand								
	31/03/2023			31/03/2022			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	1,804,395	7.2%	4.1%	1,696,668	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	3,904	0.0%	0.0%	1,254	0.0%	0.0%	1,323	0.0%	0.0%
Pillar 1 capital requirement	1,991,621	8.0%	4.5%	1,867,946	8.0%	4.5%	1,943,473	8.0%	4.5%
Concentration risk	255,935	1.0%	0.6%	255,072	1.1%	0.6%	267,172	1.1%	0.6%
Strategic risk	99,581	0.4%	0.2%	93,397	0.4%	0.2%	97,174	0.4%	0.2%
Market risk	105,132	0.4%	0.2%	75,113	0.3%	0.2%	103,185	0.4%	0.2%
Pillar 2 capital requirement*	460,648	1.9%	1.0%	423,582	1.8%	1.0%	467,531	1.9%	1.1%
Capital conservation buffer	622,381	2.5%	2.5%	583,733	2.5%	2.5%	607,335	2.5%	2.5%
Countercyclical capital buffer	248,953	1.0%	1.0%	-	-	-	242,934	1.0%	1.0%
Combined buffer requirement	871,334	3.5%	3.5%	583,733	2.5%	2.5%	850,270	3.5%	3.5%
Capital requirements	3,323,603	13.4%	9.0%	2,875,261	12.3%	8.0%	3,261,274	13.4%	9.1%
Capital base	5,771,026	-	-	5,314,409	-	-	5,972,602	-	-
Capital surplus	2,447,423	-	-	2,439,148	-	-	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								
	31/03/2023			31/03/2022			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	650,264	8,128,302	71.8%	504,761	6,309,518	69.5%	607,826	7,597,823	71.6%
Retail exposures	577,521	7,219,015	24.1%	595,765	7,447,062	24.0%	583,802	7,297,521	24.2%
Non credit-obligation assets exposure	421,534	5,269,171	100.0%	398,093	4,976,165	100.0%	413,976	5,174,706	100.0%
Total according to IRB	1,649,319	20,616,488	44.3%	1,498,620	18,732,745	41.0%	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	149	1,861	20.0%	141	1,758	20.0%	142	1,778	20.0%
Exposures to institutions	50,320	628,996	20.0%	42,902	536,281	20.0%	33,858	423,225	20.0%
Corporate exposures	58,510	731,370	90.3%	113,476	1,418,453	96.2%	76,978	962,227	91.3%
Retail exposures	23,484	293,548	62.0%	24,398	304,969	61.9%	23,817	297,707	62.4%
Exposures in default	168	2,097	145.3%	202	2,523	150.0%	269	3,365	146.6%
Covered bonds	12,512	156,400	10.0%	8,332	104,146	10.0%	14,384	179,800	10.0%
Equity exposures	1,423	17,789	100.0%	1,261	15,757	100.0%	1,678	20,975	100.0%
Other items	8,511	106,391	100.0%	7,337	91,713	100.0%	2,099	26,239	100.0%
Total STD	155,076	1,938,452	25.0%	198,048	2,475,600	35.0%	153,225	1,915,316	20.0%
Total	1,804,395	22,554,940	41.6%	1,696,668	21,208,345	40.7%	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)	3,904	48,805	-	1,254	15,681	-	1,323	16,537	-
Total minimum capital requirement and risk-weighted exposure amount	1,991,621	24,895,259	-	1,867,946	23,349,328	-	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:

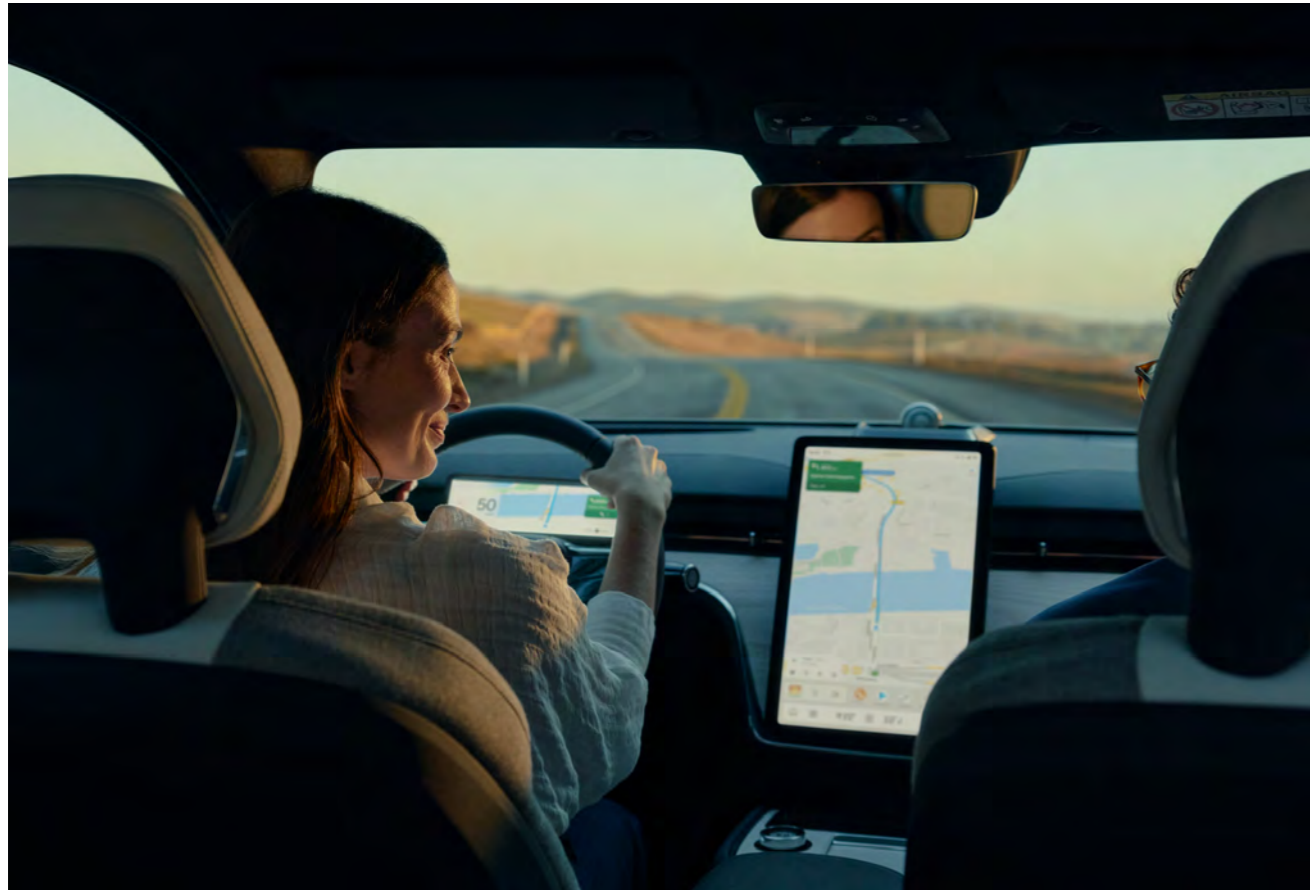
Level 1 – according to quoted price on an active market for identical instruments.

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 33.1 million and liabilities to SEK 124.7 million. Securities in the amount of SEK 6.3 million were received and assets of SEK 87.8 million were pledged as of 31 March 2023.



Amounts in SEK thousand

	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Assets, Jan–Mar 2023					
Treasury bills eligible as collateral etc.	1,518,876	-	-	1,518,876	1,520,085
Lending to credit institutions	-	-	2,949,135	2,949,135	2,949,135
Loans and advances to the public	-	-	16,516,358	16,516,358	16,108,462
Bonds and other interest-bearing securities	1,561,881	896,129	-	2,458,011	2,460,123
Shares and participations in other companies*	-	5,907	-	5,907	5,907
Other assets*	-	33,096	781,918	815,014	815,014
Prepaid expenses and accrued income	-	-	184,455	184,455	184,455
Total	3,080,757	935,133	20,431,865	24,447,755	24,043,182
Liabilities, Jan–Mar 2023					
Liabilities to credit institutions	-	-	1,393,828	1,393,828	1,366,667
Deposits and borrowing from the public	-	-	23,094,112	23,094,112	23,094,069
Securities issued	-	13,486,401	-	13,486,401	13,540,343
Other liabilities*	-	124,663	985,434	1,110,097	1,110,097
Accrued expenses and deferred income	-	-	1,671,675	1,671,675	1,671,675
Subordinated liabilities	-	409,765	-	409,765	400,000
Total	-	14,020,829	27,145,049	41,165,878	41,182,851
Assets, Jan–Mar 2022					
Treasury bills eligible as collateral etc.	1,098,133	-	-	1,098,133	1,097,725
Lending to credit institutions	-	-	2,589,297	2,589,297	2,589,297
Loans and advances to the public	-	-	17,130,538	17,130,538	16,654,296
Bonds and other interest-bearing securities	1,041,358	599,984	-	1,641,342	1,641,442
Shares and participations in other companies*	-	3,598	-	3,598	3,598
Other assets*	-	18,026	1,497,381	1,515,407	1,515,407
Prepaid expenses and accrued income	-	-	133,781	133,781	133,781
Total	2,139,491	621,608	21,350,997	24,112,096	23,635,548
Liabilities, Jan–Mar 2022					
Liabilities to credit institutions	-	-	1,038,996	1,038,996	1,028,571
Deposits and borrowing from the public	-	-	21,924,664	21,924,664	21,924,674
Securities issued	-	13,685,375	-	13,685,375	13,658,492
Other liabilities*	-	32,071	1,035,548	1,067,619	1,067,619
Accrued expenses and deferred income	-	-	1,389,640	1,389,640	1,389,640
Subordinated liabilities	-	410,872	-	410,872	400,000
Total	-	14,128,319	25,388,848	39,517,167	39,468,996

* 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

Amounts in SEK thousand						
Assets	Financial assets measured at amortised cost	Derivatives in hedge accounting	Other assets*	Fair value via the income statement (mandatory)	Total	Fair value
31/03/2023						
Treasury bills eligible as collateral etc.	1,520,085	-	-	-	1,520,085	1,518,876
Lending to credit institutions	2,949,135	-	-	-	2,949,135	2,949,135
Loans and advances to the public	16,108,462	-	-	-	16,108,462	16,516,358
Bonds and other interest-bearing securities	2,460,123	-	-	-	2,460,123	2,458,011
Shares and participations in other companies	-	-	-	5,907	5,907	5,907
Shares and participations in associated companies	-	-	5,140	-	5,140	-
Shares and participations in Group companies	-	-	6,742	-	6,742	-
Intangible non-current assets	-	-	18,428	-	18,428	-
Tangible assets: inventory	-	-	2,914	-	2,914	-
Tangible assets: lease items	-	-	24,067,623	-	24,067,623	-
Other assets	585,123	226	196,794	32,870	815,014	815,014
Deferred tax asset	-	-	-	-	-	-
Prepaid expenses and accrued income	184,455	-	-	-	184,455	184,455
Total assets	23,807,384	226	24,297,642	38,777	48,144,029	
Liabilities						
31/03/2023						
Liabilities to credit institutions	-	-	1,366,667	-	1,366,667	1,393,828
Deposits and borrowing from the public	-	-	23,094,069	-	23,094,069	23,094,112
Securities issued	-	-	13,540,343	-	13,540,343	13,486,401
Other liabilities	281,270	41,760	704,165	82,902	1,110,097	1,110,097
Accrued expenses and deferred income	1,486,883	-	184,792	-	1,671,675	1,671,675
Subordinated liabilities	-	-	400,000	-	400,000	409,765
Total liabilities	1,768,153	41,760	39,290,035	82,902	41,182,851	

Amounts in SEK thousand						
Assets	Financial assets measured at amortised cost	Derivatives in hedge accounting	Other assets*	Fair value via the income statement (mandatory)	Total	Fair value
31/03/2022						
Treasury bills eligible as collateral etc.	1,097,725	-	-	-	1,097,725	1,098,133
Lending to credit institutions	2,589,297	-	-	-	2,589,297	2,589,297
Loans and advances to the public	16,654,296	-	-	-	16,654,296	17,130,538
Bonds and other interest-bearing securities	1,641,442	-	-	-	1,641,442	1,641,342
Shares and participations in other companies	-	-	-	3,598	3,598	3,598
Shares and participations in associated companies	-	-	5,417	-	5,417	-
Shares and participations in Group companies	-	-	6,742	-	6,742	-
Intangible non-current assets	-	-	20,790	-	20,790	-
Tangible assets: inventory	-	-	5,058	-	5,058	-
Tangible assets: lease items	-	-	22,125,943	-	22,125,943	-
Other assets	561,572	1,465	935,809	16,561	1,515,407	1,515,407
Deferred tax asset	-	-	219,000	-	219,000	-
Prepaid expenses and accrued income	133,781	-	-	-	133,781	133,781
Total assets	22,678,113	1,465	23,318,759	20,159	46,018,496	
Liabilities						
31/03/2022						
Liabilities to credit institutions	-	-	1,028,571	-	1,028,571	1,038,996
Deposits and borrowing from the public	-	-	21,924,674	-	21,924,674	21,924,664
Securities issued	-	-	13,658,492	-	13,658,492	13,685,375
Other liabilities	389,834	23,066	645,713	9,006	1,067,619	1,067,619
Accrued expenses and deferred income	1,348,217	-	41,423	-	1,389,640	1,389,640
Subordinated liabilities	-	-	400,000	-	400,000	410,872
Total liabilities	1,738,051	23,066	37,698,873	9,006	39,468,996	

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

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.

Amounts in SEK thousand						
Balance sheet	Group companies		Associates		Other related companies	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022
Assets	6,742	6,742	154,947	22,292	-	1,369,154
Liabilities	6,789	6,789	64,999	51,541	-	478,529
Income statement						
Interest income	-	-	2,031	271	26	-
Lease income	-	-	-	-	25,648	27,599
Interest expenses	-	-	-208	-6	-501	-
Commission income	-	-	-	-	99	115
Other operating income	-	-	1,457	616	-	-
Total	-	-	3,280	881	25,272	27,714

NOTE 11. EVENTS AFTER THE END OF THE PERIOD

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



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