

YEAR-END REPORT

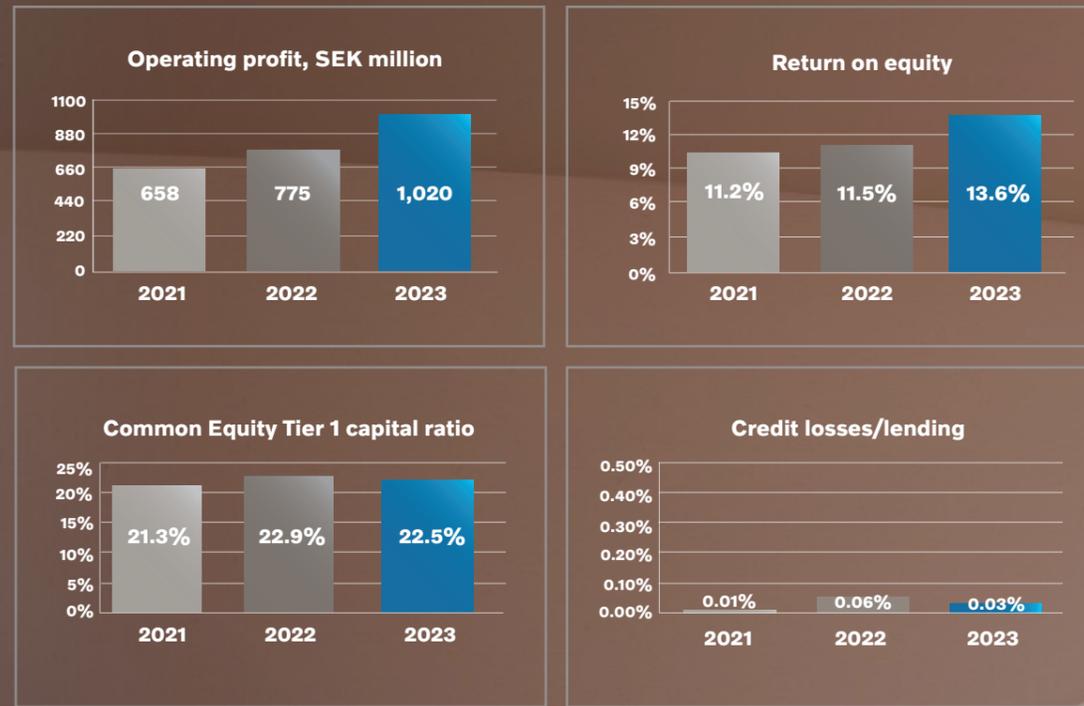
2023



VOLVOFINANS BANK

SUMMARY

2023



INTRODUCTION AND FINANCIAL STATEMENTS



STATEMENT BY THE CEO

Following a 2023 whose conditions were very beneficial for Volvofinans Bank, the bank is able for the very first time to report an operating profit above SEK 1 billion, namely SEK 1,020 million (775). Profit increased by 32% compared to the previous year due mainly to higher net interest income, which was in turn generated by rising interest rates and lending growth, and a continued strong market for used passenger cars, which led to higher disposal gains for vehicles in our leasing operation. Operating profit provided a rate of return of 13.6% (11.5).

Growth in lending ahead of low 2024 expectations

Total lending grew by SEK 2.6 billion to SEK 42.5 billion (39.9) driven by e.g. high deliveries of vehicles ordered during the pandemic that could now be delivered due to an easing of the component shortage during the year. The growth in lending was especially welcome prior to 2024 as we have reason to expect a lower vehicle financing requirement moving forward, in the wake of a muted willingness on the part of our own and our partners' corporate and private customers to invest and consume. Also, as of October 2023, we have ceased new-vehicle financing for Renault, as a result of that manufacturer's agreement with a new general agent.

Increase in new vehicle and truck registrations

Slightly more passenger cars were registered in 2023 than in 2022. The number grew by around 1,600 cars to almost 290,000 registrations. Volvo Cars continues as market leader with a market share of 14.3%, beside Renault/Dacia with 3% and Polestar, which backed off a few tenths to 1.3% following a strong increase in 2022. The proportion of electric vehicles increased from 33% in 2022 to 39% of total registrations. The forecast for 2024 from the industry body Mobility Sweden is 240,000 new registrations where the proportion of EVs is predicted to fall to 35%. If the forecast is correct, it will be the lowest level since the 2008-2009 financial crisis. An annual average of 326,000 new cars have been registered over the past 10 years. In addition to passenger cars, the forecast for delivery vans is 45,000, which is a little over the strong 2023 outcome of 43,700 registrations (+27%).

The development for heavy goods vehicles during 2023 was very positive. Total registrations increased by just over 20% to 6,600 HGVs, which is the highest figure ever. Volvo Trucks continues to be the market leader with around 3,000 registrations and a market share of 45%. The proportion of newly registered electric trucks remains low at around 4%, even though the growth rate is high.

Strong profits in all three segments

All three of Volvofinans Bank's operating segments – Cars, Fleet and Trucks – performed better than expected. Cars, the bank's biggest segment in terms of business volume and which also includes the OEM and Payments businesses, delivered a profit that was just over SEK 118 million higher than the previous year. The growth in profit stems primarily from an increase in net interest income, and also through the dissolution of risk provisions. The profit increase of SEK 80 million in Fleet, our large corporate business, is mainly due to the positive effects from the disposal of vehicles in operating leases. And finally Trucks, which, by doubling its profit by SEK 47 million, had the biggest relative earnings growth, which is wholly attributable to increased net interest income.

Ziklo – A bank for new times

As we announced at the end of October 2023, Volvofinans Bank will change its name to Ziklo Bank during the first quarter this year. The name Ziklo, which we want to see symbolise the sustainable mobility of the future, comes from the Latin word ciclo, meaning cycle (of events).

The name change is also a way to consolidate the route chosen by the bank by working in a broader market together with more partners and vehicle marques. At the same time, the brand and product name Volvofinans will remain the same as today and we will continue to develop innovative services and products for Volvo

owners. The strategy is not to stop doing things but to reach more people with our expertise within the mobility concept, and meet a growing demand from new and existing customers to quickly and simply transition to sustainable transportation. Our vision is to become the leading bank for the mobility of the future.

Conclusion

We are leaving an excellent financial year and historically strong profits behind us, and we look toward 2024 with great modesty considering the geopolitical and macro economic uncertainties the future holds. At the same time, we look forward with commitment and excitement to launching Ziklo Bank and continuing our newly described strategy.

In conclusion, we would like to extend a big thank you to our customers and partners. But most of all we would like to thank our fantastic employees for making our journey to becoming the leading Mobility Bank possible through their great commitment and expertise.



“Our vision is to become the leading bank for the mobility of the future.”

Conny Bergström

CEO
Volvofinans Bank AB

Joel Graffman

Deputy 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 02 February 2024.



JAN-DEC 2023 IN SUMMARY

Operating profit:
SEK 1,020 million (775)

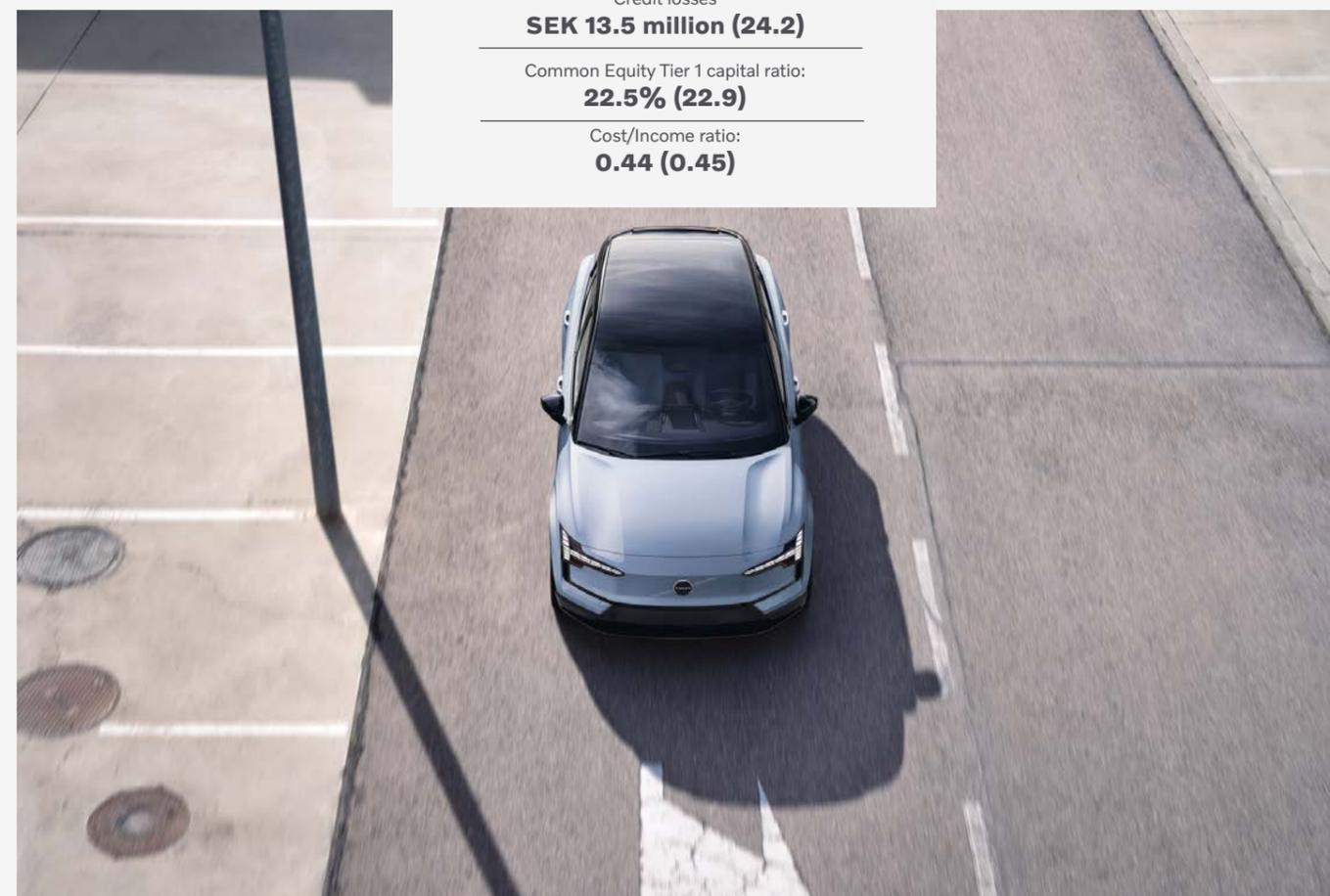
Return on equity:
13.6% (11.5)

Lending as of 31 December:
SEK 42.5 billion (39.9)

Credit losses
SEK 13.5 million (24.2)

Common Equity Tier 1 capital ratio:
22.5% (22.9)

Cost/Income ratio:
0.44 (0.45)



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 (under the changed name, Ziklo Bank AB) is the parent company of 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 42.5 billion compared to 39.9 billion in the previous year. Trucks accounted for SEK 5.9 billion (4.9) of lending, equivalent to 14% (12) of the total. Fleet accounted for SEK 11.7 billion (9.3) of lending or 28% (23) and Volvo Card for 5% (5) or SEK 1.9 billion (1.9). The remainder – SEK 22.9 billion (23.8) – is attributable to passenger car financing in business area Cars, which corresponds to 54% (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 1,020.1 million (775.2), which is SEK 244.9 million or 32% higher year-over-year. The Bank's net interest income and net leasing was SEK 335.6 million higher than the previous year, mainly due to higher lending and improved financing 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 operating leases. The surplus on sales of these cars is SEK 114.0 million higher than in the previous year.

Credit risk and credit losses

Because the major part of credit risk is borne by individual Volvo dealers through recourse agreements, the credit risk for Volvofinans Bank is very low. Defaulted receivables are defined as receivables more than 90 days overdue or defaulted on for other reasons. Volvofinans Bank's defaulted credit card receivables totalled SEK 7.8 million (5.9) and for loans and leasing SEK 247.3 million (188.8), of which SEK 244.7 million (185.3) is covered by recourse. Loans subject to deferral totalled SEK 85.7 million (59.9).

Verified credit losses of SEK 17.9 million (15.0) 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 4.4 million (-9.2) during the year. Thus credit losses for the year totalled SEK 13.5 million (24.2). The provision for expected credit losses totals SEK 31.7 million (36.2).

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 105.9 million (69.6) 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 31 December 2023, the bank's residual value positions for operating lease assets totalled SEK 6.5 billion (5.8). The bank carried out accumulated impairments totalling SEK 300.4 million (194.5).

Funding and liquidity

Deposits in the bank's savings account increased by SEK 1.4 billion in 2023, reaching a total of SEK 23.2 billion (21.8) at year-end. Total deposits including the credit balance for the Volvo Card and deposits from Volvo dealerships stood at SEK 24.4 billion (23.0) and accounted for 62% (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, bonds with a value of SEK 4.0 billion and NOK 700 million were issued during the year, of which green bonds accounted for SEK 2.3 billion of the issued volume. Commercial papers relating to short-term borrowing were issued in the amount of SEK 775 million during the year. Volvofinans Bank AB's outstanding financing through its MTN, its market loan programmes and certificates totalled a nominal SEK 13.5 billion (12.4), of which green bonds accounted for SEK 5.6 billion on 31 December 2023.

In addition to market borrowing and deposits, the bank also finances its activities through bank credits, which total SEK 1.3 billion (1.4). The proportion of financing from market loans programmes and the banking sector with remaining maturity of more than one year was 74% (68).

Borrowing with a remaining period of less than one year together with a proportion of deposits, must be covered at all times by the liquidity reserve and undrawn credit facilities. The total liquidity reserve at year-end was SEK 5.9 billion (5.7). The securities holding accounted for SEK 4 billion (69%) and non-fixed deposits at other banks totalled SEK 1.9 billion (31%). Volvofinans Bank's liquidity reserve must always be at least 10% in relation to lending volume. As of 31/12/2023, total lending was SEK 42.5 billion, which means the liquidity reserve corresponded to 14% (14). In addition to the liquidity reserve, available and unutilised loan facilities totalled SEK 3.8 billion (4.3).

At the end of the fourth quarter, Volvofinans Bank's liquidity coverage ratio (LCR) under article 415 of the EU Capital Requirements Regulation (CRR), totalled 252% (210), 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 22.5% (22.9) as of 31/12/2023 and the capital requirement was assessed internally to 14.3% (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 686 million (607). The counter cyclical buffer value of 2.0 (1.0) per cent of REA totalled SEK 548 million (243). As of June 2023, the countercyclical buffer value was raised to 2.0%.

The leverage ratio was 12.8% (12.2) as of 31/12/2023.

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.

Rating

Volvofinans Bank's international credit ratings from Moody's Investors Service are as follows:

- Short-term financing: P-2
- Long-term financing: A3
- Outlook: Stable

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

Calendar:

Week 12	Annual Report 2023
3 May 2024	Interim Report January-March 2024
4 June 2024	AGM
23 August 2024	Interim Report January-June 2024
5 November 2024	Interim Report January-September 2024

Certificate

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

Gothenburg, 2 February 2024

Conny Bergström
CEO

The reports will be available on our website, volvofinans.se
Should you have any questions, please call our CEO Conny Bergström, +46 31-83 88 00

Review

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

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

Key ratios

	31/12/2023	31/12/2022
Return on equity, %*	13.60	11.46
Deposits / Lending, %	57.39	57.81
Profit / Risk-weighted assets, %	3.72	3.19
Total capital ratio, %	22.55	24.59
Common Equity Tier 1 capital ratio, %	22.55	22.94
Cost/Income ratio	0.44	0.45
Cost/Income ratio excl. residual value provision	0.38	0.40
Credit losses / Lending, %	0.03	0.06
Liquidity coverage ratio (LCR), %	252	210
NSFR (Net Stable Funding Ratio), %	119	118
Leverage ratio, %	12.8	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/finanssiella-rapporter/>

Income statement, overview

	Amounts in SEK thousand				
	2023	2023	2022	2023	2022
	Q4	Q3	Q4	Jan-Dec	Jan-Dec
Interest income	353,616	342,502	232,495	1,295,344	709,272
Lease income	1,865,396	1,871,086	1,675,340	7,261,825	6,364,920
Interest expenses	-412,423	-383,716	-189,006	-1,392,004	-455,369
Net interest income	1,806,589	1,829,872	1,718,829	7,165,164	6,618,822
Dividends received	12	-	11	35	75
Commission income	102,907	103,088	97,004	421,042	389,271
Commission expenses	-76,116	-32,086	-46,956	-190,127	-156,594
Net result from financial transactions	-17,542	-4,257	-456	-27,715	32,384
Other operating income, Note 4	108,989	115,600	87,423	435,555	312,009
Total operating income	1,924,840	2,012,218	1,855,856	7,803,954	7,195,967
General administration expenses	-190,240	-128,221	-141,873	-607,740	-495,761
Depreciation and impairment of tangible and intangible non-current assets, Note 5	-1,507,312	-1,553,493	-1,497,411	-6,085,497	-5,847,030
Other operating expenses	-27,418	-13,162	-15,914	-77,783	-54,859
Total operating expenses	-1,724,970	-1,694,877	-1,655,198	-6,771,020	-6,397,650
Profit before credit losses	199,870	317,342	200,658	1,032,934	798,318
Credit losses, net, Note 6	-5,610	-5,912	-5,324	-12,621	-23,118
Impairments/Reversals of financial fixed assets, net	308	60	-20	-214	-17
Operating profit	194,568	311,490	195,313	1,020,099	775,183
Appropriations	-1,017,742	-	853,176	-1,017,742	853,176
Taxes, Note 7	167,703	-64,167	-173,917	-2,357	-293,370
Profit	-655,472	247,323	874,572	-	1,334,989

Balance sheet highlights

	Amounts in SEK thousand	
	31/12/2023	31/12/2022
Treasury bills eligible as collateral etc.	1,830,992	1,238,893
Lending to credit institutions	1,854,022	1,987,473
Loans and advances to the public	16,375,052	16,437,193
Bonds and other interest-bearing securities	2,210,625	2,495,493
Shares and participations in other companies	6,618	5,467
Shares and participations in associated companies	8,258	8,766
Shares and participations in Group companies	6,742	6,742
Intangible non-current assets	64,018	19,224
Tangible assets: inventory	2,181	3,485
Tangible assets: lease items	26,086,832	23,426,952
Tangible current assets	30,853	485
Other assets	1,220,211	1,212,934
Prepaid expenses and accrued income	95,373	76,965
Total assets, Note 9	49,791,778	46,920,073
Liabilities to credit institutions	1,295,238	1,407,143
Deposits and borrowing from the public	24,368,947	23,044,465
Securities issued	13,475,047	12,383,444
Other liabilities*	1,437,125	1,494,354
Accrued expenses and deferred income	1,589,314	1,428,700
Subordinated liabilities	-	400,000
Total liabilities, Note 9	42,165,670	40,158,106
Untaxed reserves	5,697,661	4,679,919
Equity	1,928,447	2,082,049
Total liabilities and equity	49,791,778	46,920,073
*Of which derivative instruments with positive and negative market values		
Derivative instruments with positive market value	51,708	37,681
Derivative instruments with negative market value	-56,299	-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	-	-	-	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	-	-	-	-	-
Capitalisation of development expenditures	-	-	7,872	-7,872	-
Dissolution resulting from development expenditure depreciations for the year	-	-	-11,528	11,528	-
Total before transactions with shareholders	400,000	20,000	15,568	1,646,481	2,082,049
Dividend	-	-	-	-153,602	-153,602
Closing equity, 31 December 2023	400,000	20,000	15,568	1,492,879	1,928,447

Cash flow statement

	Amounts in SEK thousand	
	2023 Jan-Dec	2022 Jan-Dec
Operating activities		
Operating profit	1,020,099	775,183
Adjustment of items not included in cash flow		
Unrealised portion of net result from financial transactions	-27,715	33,626
Depreciations, amortisation, impairments	6,093,918	5,847,030
Credit losses	12,621	23,117
Paid/refunded (-/+) tax	-250	-63,814
Changes to assets and liabilities in operating activities		
Treasury bills eligible as collateral etc.	-592,099	347,255
Loans and advances to the public	49,683	411,910
Disposal of tangible assets*	5,411,533	3,995,200
Acquisition of tangible assets*	-14,182,866	-11,450,944
Bonds and other interest-bearing securities	284,868	-1,042,806
Deposits and borrowing from the public	1,324,482	1,249,471
Liabilities to credit institutions	-111,905	338,095
Other assets	-27,955	-392,575
Securities issued	1,091,602	-708,918
Other liabilities	131,101	544,573
Cash flow from operating activities	477,117	-93,597
Investing activities		
Capitalised development expenditures	-56,322	-18,849
Investments in shares and participations	-4,270	-2,061
Disposal/redemption of shares and participations	3,626	-1,273
Cash flow from investing activities	-56,966	-22,184
Financing activities		
Subordinated liabilities	-400,000	-
Dividends paid	-153,602	-130,611
Cash flow from financing activities	-553,602	-130,611
Cash flow for the period		
Cash and cash equivalents at beginning of period	1,987,473	2,233,864
Cash flow from operating activities*	477,117	-93,597
Cash flow from investing activities*	-56,966	-22,184
Cash flow from financing activities	-553,602	-130,611
Cash and cash equivalents at end of period	1,854,022	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 FFFS 2009:11 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. No changes in the bank's accounting policies as described in the Annual Report 2022 have taken place.

FUTURE REGULATORY CHANGES

Amendments to IAS 1 – Presentation of financial reports. The review was conducted in 2023. The Bank will adapt the information concerning accounting policies in the annual report based on the requirements of IAS 1 concerning disclosures on significant accounting policies instead of earlier disclosure requirements on important accounting policies.

None of the changes in accounting policies issued for application are considered to have any material impact on Volvofinans' financial reports, capital adequacy or major exposures, or any other applicable operating regulations.

NOTE 2. ASSESSMENTS AND ESTIMATIONS IN THE FINANCIAL STATEMENTS

Preparation of the financial statements in compliance with IFRS requires the bank's management to make assessments, estimations, and assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, revenues, and expenses. These estimations and assumptions are based on historical experience and a number of other factors deemed reasonable under current circumstances. The outcomes of these estimates and assumptions are then used as the basis of the carrying amounts of assets and liabilities not otherwise clearly provided by other sources.

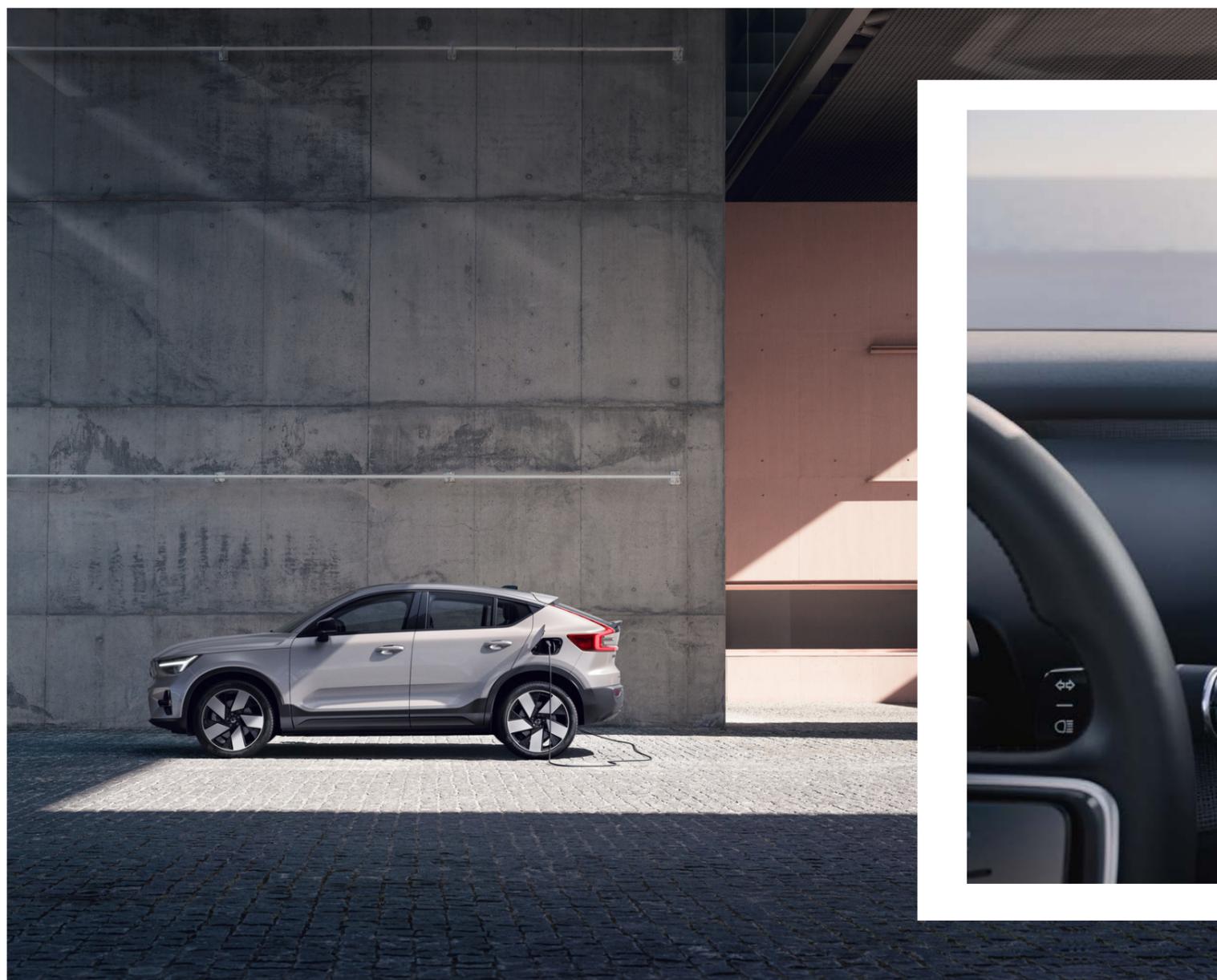
Primarily, the bank made the following critical assessments when applying significant accounting policies:

- Choice of method for calculating expected credit losses
- Whether the bank has assumed significant risks and benefits from the seller on acquisition of receivables and agreements

Actual outcomes may deviate from the estimations made in this report. Areas in which uncertainty about estimates may exist are:

- Estimations of expected residual values for lease objects
- The actual outcome of credit losses may deviate from the anticipated outcome

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-Dec	2022 Jan-Dec	Change
Net interest income and net leasing*	1,200,352	864,737	335,616
Dividends received	35	75	-39
Commission income	421,042	389,271	31,771
Commission expenses	-190,127	-156,594	-33,533
Net result from financial transactions	-27,715	32,384	-60,099
Service, repair and tyre agreements	65,336	56,625	8,711
Disposal gains, operating leases	363,384	249,391	113,993
Other income	6,835	5,993	842
Operating income	1,839,143	1,441,882	397,261
Overhead expenses**	-699,594	-572,950	-126,645
Credit losses	-17,934	-14,972	-2,962
Credit risk provision, change	4,435	-9,210	13,645
Residual value reserve, change	-105,950	-69,567	-36,383
Operating profit	1,020,099	775,183	244,916

* 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		
	31/12/2023	31/12/2022	Change
Car loans, Truck loans etc.	13,947,027	13,752,068	194,959
Contract credits	18,273	105,110	-86,837
Credit card credits	1,927,996	1,854,293	73,704
Inventory credits	470,734	617,735	-147,001
Promissory note loans	11,023	107,987	-96,964
Lease items	26,086,832	23,426,952	2,659,880
Lending	42,461,884	39,864,145	2,597,740

Product Information	Amounts in SEK thousand		
	31/12/2023	31/12/2022	Change
Number of transferred loans and leases	191,485	204,142	-12,657
of which loans	88,864	100,649	-11,785
of which leases	102,621	103,493	-872

	Amounts in SEK thousand		
	31/12/2023	31/12/2022	Change
Average contract loans and leasing	209	182	27
of which loans	157	137	20
of which leases	254	226	28

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. The bank's customers can use their mobile phones to pay for their workshop visits, fuel stops at Tanka and other purchases using Samsung Pay, Google Pay or Apple Pay.

The number of new passenger car registrations in Sweden totalled 290,000 in 2023, and 43,700 for light trucks. Passenger car registrations increased by just under 1% compared to 2022. The increase in new registrations, despite the tough economic climate, are driven by shorter delivery times and large order entries. While companies continue to drive order intake, the private market has cooled, which can be attributed to the economic climate. Mobility Sweden's forecast for new registrations in 2024 is currently 240,000 passenger cars. 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 2023 reached 53,744 cars, equivalent to a market share of 19%, where Volvofinans provides a high proportion of the financing. Our digital CarPay service continues to provide high inflows and the app has been downloaded by 865,000 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-Dec	2022 Jan-Dec	Change
Net interest income and net leasing*	856,622	671,218	185,404
Dividends received	35	75	-39
Commission income	276,415	276,649	-234
Commission expenses	-181,426	-151,880	-29,546
Net result from financial transactions	-25,143	30,438	-55,582
Disposal gains, operating leases	40,100	5,176	34,924
Other income	5,117	4,787	330
Operating income	971,720	836,463	135,257
Overhead expenses**	-479,392	-405,014	-74,379
Credit losses	-17,718	-14,972	-2,745
Credit risk provision, change	5,650	-8,252	13,902
Residual value reserve, change	3,122	-42,565	45,686
Operating profit	483,382	365,660	117,721

* 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		
	31/12/2023	31/12/2022	Change
Number of contracts	143,890	165,389	-21,499
Total volume, SEK million	23,006	24,517	-1,511
of which transferred, %	98.6	94.8	3.8
of which pledged, %	1.4	5.2	-3.8
of which loans, %	40.8	41.0	-0.2
of which leases, %	59.2	59.0	0.2
Private leasing as a proportion of total leases, %	28.9	31.7	-2.8

Product information, cards	Amounts in SEK thousand		
	31/12/2023	31/12/2022	Change
Average number of active accounts	373,727	384,978	-11,251
Total volume, SEK million	1,922	1,854	68
Average number of credit customers	75,344	75,900	-556
Total sales Volvo Card, SEK million	17,581	17,608	-27
of which fuel, %	31.9	36.6	-4.7
of which workshop, %	15.3	16.0	-0.7
of which retail store, %	0.8	0.9	-0.1
of which car wash, %	0.9	1.1	-0.2
of which sales outside Volvo dealers, %	47.1	40.9	6.2
of which other (incl. car loans and insurance), %	4.0	4.5	-0.5

TRUCKS

The Trucks segment 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 is mainly marketed to small and medium-sized hauliers. It's an example of the development work in progress at the bank, aimed at offering Volvo customers smarter trucking economy to boost haulier profitability.

	Amounts in SEK thousand		
	2023 Jan-Dec	2022 Jan-Dec	Change
Net interest income and net leasing*	125,172	76,789	48,384
Commission income	4,217	4,038	179
Commission expenses	-1,112	-970	-142
Net result from financial transactions	-1,806	1,216	-3,022
Other income	289	307	-18
Operating income	126,760	81,379	45,380
Overhead expenses**	-36,933	-39,105	2,172
Credit risk provision, change	-149	-8	-141
Operating profit	89,678	42,267	47,411

* Including depreciation of lease items.

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

Product information, loans and leasing	31/12/2023	31/12/2022	Change
Number of contracts	7,984	8,093	-109
Total volume, SEK million	6,390	5,706	684
of which transferred, %	93.0	84.2	8.8
of which pledged, %	7.0	15.8	-8.8
of which loans, %	78.0	78.1	-0.1
of which leases, %	22.0	21.9	0.1
Operating leases as a proportion of total leases, %	25.1	29.5	-4.4



FLEET

The Fleet segment provides vehicle-fleet administration and financing mainly to mid-size and large companies, regardless of the vehicle brands customers choose to use. Here we offer both operational and financial leasing. For several years, the bank has been market leader with 22.2% of the market as of December 2023. The number of agreements has risen by around 4% compared to 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 main focus in recent years has 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 79 million higher than in the previous year.

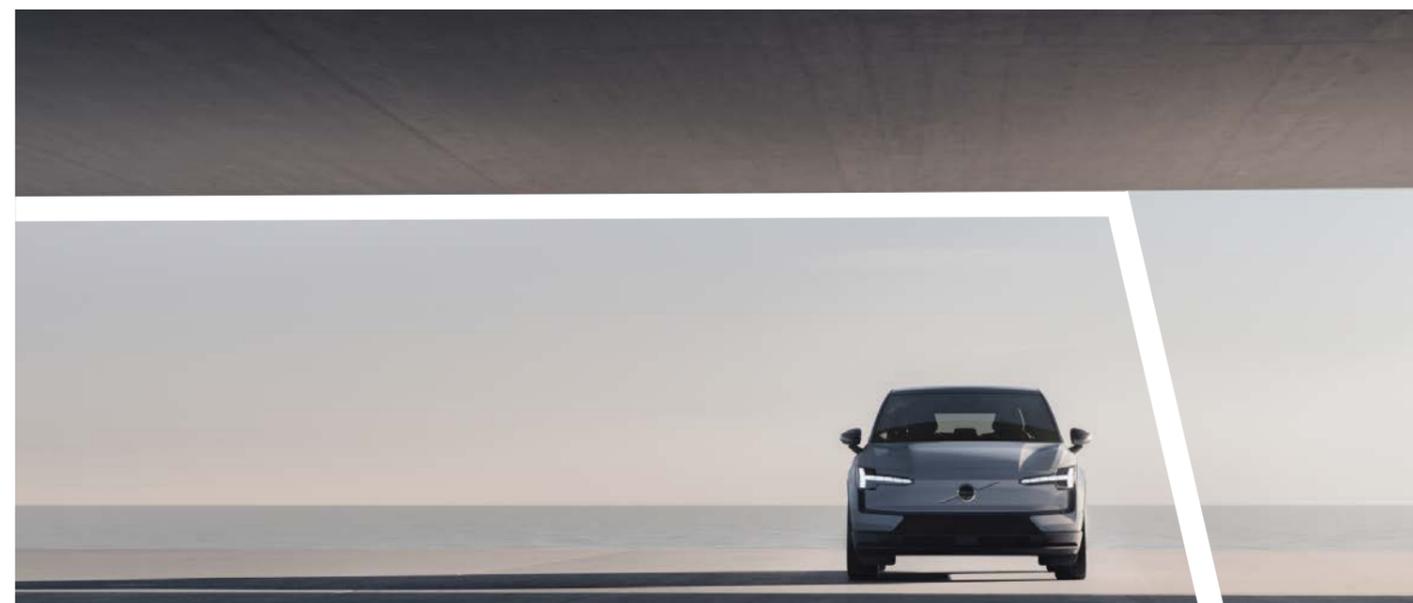
Product development is constantly in progress, and we are launching new services to make life simpler for the bank's customers by creating a smarter vehicle economy in the form of competitive company car expenditures for both drivers and companies.

	Amounts in SEK thousand		
	2023 Jan-Dec	2022 Jan-Dec	Change
Net interest income and net leasing*	218,558	116,730	101,828
Commission income	140,411	108,584	31,826
Commission expenses	-7,589	-3,744	-3,845
Net result from financial transactions	-765	730	-1,496
Service, repair and tyre agreements	65,342	56,625	8,717
Disposal gains, operating leases	323,284	244,215	79,069
Other income	1,423	898	525
Operating income	740,664	524,039	216,624
Overhead expenses**	-183,270	-128,831	-54,438
Credit losses	-217	-	-217
Credit risk provision, change	-1,066	-950	-116
Residual value reserve, change	-109,072	-27,002	-82,070
Operating profit	447,039	367,256	79,783

* Including depreciation of lease items.

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

Product Information	31/12/2023	31/12/2022	Change
Number of financing contracts	42,394	39,445	2,949
Number of administered contracts	51,843	49,971	1,872
Total volume, SEK million	11,716	9,350	2,367
of which operating leases, %	69.4	69.9	-0.4
of which financial leases, %	30.6	30.1	0.4



NOTE 4. OTHER OPERATING INCOME

	Amounts in SEK thousand	
	2023 Jan-Dec	2022 Jan-Dec
Capital gains on the sale of tangible assets	3,241	1,761
Revenues, service and repair contracts	65,336	56,625
Disposal gains, operating leases	363,384	249,391
of which sales revenue	(1,514,606)	(855,215)
of which cost of goods sold	(-1,151,222)	(-605,824)
Income from associated companies	3,118	3,350
Other income	476	882
Total	435,555	312,009

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

	Amounts in SEK thousand	
	2023 Jan-Dec	2022 Jan-Dec
Depreciations, leased items	-5,964,812	-5,754,086
Impairment charges / Reversals; lease item residual value risk	-105,950	-69,567
Impairment charges / Reversals; lease item credit risk	-664	-1,048
Depreciations, inventory	-2,542	-3,658
Depreciations and impairment of intangible assets	-11,528	-18,672
Total depreciations	-6,085,497	-5,847,030

NOTE 6. CREDIT LOSSES, NET

	Amounts in SEK thousand	
	31/12/2023	31/12/2022
Credit losses		
Loans at amortised cost (incl. unused part of limit)		
Provisions – stage 1	5,397	16,789
Provisions – stage 2	15,734	10,895
Provisions – stage 3	4,122	2,883
Total reserve	25,253	30,567
Loans at amortised cost (incl. unused part of limit)		
Change in provisions – stage 1	11,391	-5,785
Change in provisions – stage 2	-4,839	-2,199
Change in provisions – stage 3	-1,239	-161
Total change in provisions	5,313	-8,145
Write-off, confirmed credit losses	-19,934	-17,353
Recoveries of previously confirmed credit losses	2,233	2,377
Total	-17,701	-14,976
Credit losses, net*	-12,388	-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	
	31/12/2023	31/12/2022
Credit losses		
Lease assets at accrued cost		
Provisions – stage 1	3,313	3,078
Provisions – stage 2	642	407
Provisions – stage 3	1,378	1,184
Total reserve	5,333	4,669

	2023	2022
	Jan-Dec	Jan-Dec
Lease assets at accrued cost		
Change in provisions – stage 1	-235	-761
Change in provisions – stage 2	-235	-213
Change in provisions – stage 3	-194	-74
Total change in provisions**	-664	-1,048
Write-off, confirmed credit losses	-235	-
Recoveries of previously confirmed credit losses	2	4
Total***	-233	4
Credit losses, net	-897	-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	
	31/12/2023	31/12/2022
Credit losses		
Financial fixed assets		
Provisions – stage 1	1,129	914
Provisions – stage 2	-	-
Provisions – stage 3	-	-
Total reserve	1,129	914

	2023	2022
	Jan-Dec	Jan-Dec
Financial fixed assets		
Change in provisions – stage 1	-214	-17
Change in provisions – stage 2	-	-
Change in provisions – stage 3	-	-
Total change in provisions	-214	-17
Credit losses, net****	-214	-17

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

	Amounts in SEK thousand	
	31/12/2023	31/12/2022
Credit losses		
Total assets		
Provisions – stage 1	9,839	20,781
Provisions – stage 2	16,376	11,302
Provisions – stage 3	5,500	4,067
Total reserve	31,715	36,150

	2023	2022
	Jan-Dec	Jan-Dec
Total assets		
Change in provisions – stage 1	10,942	-6,563
Change in provisions – stage 2	-5,074	-2,412
Change in provisions – stage 3	-1,433	-235
Total change in provisions	4,435	-9,210
Write-off, confirmed credit losses	-20,169	-17,353
Recoveries of previously confirmed credit losses	2,235	2,381
Total	-17,934	-14,972
Credit losses, net	-13,499	-24,182

NOTE 7.

TAX

	Amounts in SEK thousand	
	2023 Jan-Dec	2022 Jan-Dec
Current tax	-2,357	-1,370
Deferred tax expense with regard to other unutilised tax deductions	-	-292,000
Tax	-2,357	-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				
	31/12/2023	30/09/2023	30/06/2023	31/03/2023	31/12/2022
Available capital base (amount)					
Common Equity Tier 1 (CET1) capital	6,183,220	6,096,356	5,894,984	5,771,026	5,572,602
Tier 1 capital	6,183,220	6,096,356	5,894,984	5,771,026	5,572,602
Total capital	6,183,220	6,096,356	5,894,984	5,771,026	5,972,602
Risk-weighted exposure amounts					
Total risk-weighted exposure amount	27,422,136	25,602,745	25,527,585	24,895,259	24,293,417
Capital ratio (as a percentage of the risk-weighted exposure amount)					
Common Equity Tier 1 capital ratio, %	22.5	23.8	23.1	23.2	22.9
Tier 1 capital ratio, %	22.5	23.8	23.1	23.2	22.9
Total capital ratio, %	22.5	23.8	23.1	23.2	24.6
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	2.0	1.0	1.0
System risk buffer, %	-	-	-	-	-
Global Systemically Important Institution buffer, %	-	-	-	-	-
Other Systemically Important Institution buffer, %	-	-	-	-	-
Combined buffer requirement, %	4.5	4.5	4.5	3.5	3.5
Overall capital requirements, %	12.5	12.5	12.5	11.5	11.5
CET1 available after meeting the total SREP own funds requirements, %	14.5	15.8	15.1	15.2	16.6
Leverage ratio					
Total exposure measure	48,354,425	47,423,488	47,202,936	46,990,777	45,639,695
Leverage ratio, %	12.8	12.9	12.5	12.3	12.2
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)*	2,863,987	2,826,327	2,785,135	2,596,326	2,420,982
Cash outflows – Total weighted value*	4,701,467	4,596,928	4,648,010	4,512,124	4,345,288
Cash inflows – Total weighted value*	4,530,718	4,547,006	4,668,896	4,818,277	4,676,561
Total net cash outflows (adjusted value)*	1,177,272	1,167,855	1,180,625	1,146,654	1,104,945
Liquidity Coverage Ratio, %*	246	245	238	230	220
Net stable funding ratio					
Total available stable funding	41,669,854	40,694,382	40,923,669	39,833,629	38,540,914
Total required stable funding	35,026,800	34,104,499	33,668,478	33,304,257	32,662,417
Net stable funding ratio, %	119	119	122	120	118

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

CAPITAL BASE

	Amounts in SEK thousand	
	31/12/2023	31/12/2022
Common Equity Tier 1 capital: instruments and reserves		
Capital instruments and the related share premium accounts	400,000	400,000
Retained earnings	1,290,389	307,835
Other reserves	4,559,511	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	6,249,900	5,644,302
Common Equity Tier 1 capital: regulatory adjustments		
Further value adjustments (negative amount)	-115	-101
Intangible assets (net after reduction of related tax liabilities) (negative amount)	-64,018	-19,224
Negative amounts resulting from the calculation of expected loss amount	-	-52,375
Other regulatory adjustments	-2,548	-
Total regulatory adjustments to Common Equity Tier 1	-66,680	-71,700
Common Equity Tier 1 (CET1) capital	6,183,220	5,572,602
Tier 1 capital contribution: Instrument		
Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital ratio + Tier 1 capital contribution)	6,183,220	5,572,602
Tier 2 capital: instruments and provisions		
Capital instruments and the related share premium accounts	-	400,000
Tier 2 capital before regulatory adjustments	-	400,000
Tier 2 capital: regulatory adjustments		
Tier 2 capital	-	400,000
Total capital (total capital = tier 1 capital + tier 2 capital)	6,183,220	5,972,602
Total risk-weighted assets	27,422,136	24,293,417

CAPITAL RATIOS AND BUFFERS

	Amounts in SEK thousand	
	31/12/2023	31/12/2022
Risk-weighted assets	27,422,136	24,293,417
Common Equity Tier 1 capital ratio, %	22.55	22.94
Tier 1 capital ratio, %	22.55	22.94
Total capital ratio, %	22.55	24.59
Total capital requirement, %	14.33	13.42
Institution-specific Common Equity Tier 1 capital requirements including buffer requirements, %	10.03	9.08
of which: Pillar 1 requirement, %	4.50	4.50
of which: Pillar 2 requirement, %	1.03	1.08
of which requirement for capital conservation buffer, %	2.50	2.50
of which requirement for countercyclical buffer, %	2.00	1.00

INTERNALLY ASSESSED CAPITAL REQUIREMENT

	Amounts in SEK thousand					
	31/12/2023			31/12/2022		
	Capital re- quirement	Capital re- quirement / Total REA	Of which CET1 re- quirements / REA	Capital re- quirement	Capital re- quirement / Total REA	Of which CET1 re- quirements / REA
Credit risk	1,803,476	6.6%	3.7%	1,758,829	7.2%	4.1%
Operational risk	215,203	0.8%	0.4%	183,321	0.8%	0.4%
CVA risk	3,972	0.0%	0.0%	1,323	0.0%	0.0%
Additional risk exposure amounts according to Article 3 CRR	171,120	0.6%	0.4%	-	-	-
Pillar 1 capital requirement	2,193,771	8.0%	4.5%	1,943,473	8.0%	4.5%
Concentration risk	281,819	1.0%	0.6%	267,172	1.1%	0.6%
Strategic risk	109,689	0.4%	0.2%	97,174	0.4%	0.2%
Market risk	111,543	0.4%	0.2%	103,185	0.4%	0.2%
Pillar 2 capital requirement*	503,050	1.8%	1.0%	467,531	1.9%	1.1%
Capital conservation buffer	685,553	2.5%	2.5%	607,335	2.5%	2.5%
Countercyclical capital buffer	548,443	2.0%	2.0%	242,934	1.0%	1.0%
Combined buffer requirement	1,233,996	4.5%	4.5%	850,270	3.5%	3.5%
Capital requirements	3,930,817	14.3%	10.0%	3,261,274	13.4%	9.1%
Capital base	6,183,220	-	-	5,972,602	-	-
Capital surplus	2,252,402	-	-	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					
	31/12/2023			31/12/2022		
	Capital re- quirement	Risk-weighted exposure amount	Average risk weight- ing	Capital re- quirement	Risk-weighted exposure amount	Average risk weight- ing
Credit risk according to IRB						
Corporate exposures	784,035	9,800,443	73.1%	607,826	7,597,823	71.6%
Retail exposures	414,895	5,186,183	17.5%	583,802	7,297,521	24.2%
Non credit-obligation assets exposure	459,006	5,737,581	100.0%	413,976	5,174,706	100.0%
Total according to IRB	1,657,936	20,724,206	42.5%	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	229	2,864	20.0%	142	1,778	20.0%
Exposures to institutions	31,452	393,147	20.0%	33,858	423,225	20.0%
Corporate exposures	69,347	866,838	92.9%	76,978	962,227	91.3%
Retail exposures	28,531	356,637	63.6%	23,817	297,707	62.4%
Exposures in default	1,282	16,022	149.5%	269	3,365	146.6%
Covered bonds	10,843	135,532	10.0%	14,384	179,800	10.0%
Equity exposures	1,729	21,618	100.0%	1,678	20,975	100.0%
Other items	2,127	26,593	100.0%	2,099	26,239	100.0%
Total STD	145,540	1,819,250	26.3%	153,225	1,915,316	27.0%
Total	1,803,476	22,543,456	40.5%	1,758,829	21,985,366	41.5%
Operational risk	215,203	2,690,038	-	183,321	2,291,514	-
Credit value adjustment (CVA)	3,972	49,645	-	1,323	16,537	-
Additional risk exposure amounts due to Article 3 CRR	171,120	2,138,997	-	-	-	-
Total minimum capital requirement and risk-weighted exposure amount	2,193,771	27,422,136	-	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 51.7 million and liabilities to SEK 56.3 million. Securities in the amount of SEK 12.4 million were received and assets of SEK 21.6 million were pledged as of 31 December 2023.



Amounts in SEK thousand

ASSETS, JAN-DEC 2023	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Treasury bills eligible as collateral etc.	1,830,016	-	-	1,830,016	1,830,992
Lending to credit institutions	-	-	1,854,022	1,854,022	1,854,022
Loans and advances to the public	-	-	16,763,511	16,763,511	16,375,052
Bonds and other interest-bearing securities	1,355,933	855,309	-	2,211,241	2,210,625
Shares and participations in other companies*	-	6,618	-	6,618	6,618
Other assets*	-	35,582	1,184,630	1,220,211	1,220,211
Prepaid expenses and accrued income	-	-	95,373	95,373	95,373
Total	3,185,948	897,508	19,897,536	23,980,993	23,592,894

Liabilities, Jan-Dec 2023	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Liabilities to credit institutions	-	-	1,315,613	1,315,613	1,295,238
Deposits and borrowing from the public	-	-	24,369,009	24,369,009	24,368,947
Securities issued	-	13,544,047	-	13,544,047	13,475,047
Other liabilities*	-	56,299	1,380,826	1,437,125	1,437,125
Accrued expenses and deferred income	-	-	1,589,314	1,589,314	1,589,314
Total	-	13,600,346	28,654,761	42,255,108	42,165,670

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

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

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

Fair value assets and liabilities per category

Assets	Financial assets measured at amortised cost	Derivatives in hedge accounting	Other assets	Fair value via the income statement (mandatory)	Amounts in SEK thousand	
					Total	Fair value
31/12/2023						
Treasury bills eligible as collateral etc.	1,830,992	-	-	-	1,830,992	1,830,016
Lending to credit institutions	1,854,022	-	-	-	1,854,022	1,854,022
Loans and advances to the public	16,375,052	-	-	-	16,375,052	16,763,511
Bonds and other interest-bearing securities	2,210,625	-	-	-	2,210,625	2,211,241
Shares and participations in other companies	-	-	-	6,618	6,618	6,618
Shares and participations in associated companies	-	-	8,258	-	8,258	-
Shares and participations in Group companies	-	-	6,742	-	6,742	-
Intangible non-current assets	-	-	64,018	-	64,018	-
Tangible assets: inventory	-	-	2,181	-	2,181	-
Tangible assets: lease items	-	-	26,086,832	-	26,086,832	-
Tangible current assets	-	-	30,853	-	30,853	-
Other assets	889,400	35,582	279,103	16,127	1,220,211	1,220,211
Prepaid expenses and accrued income	95,373	-	-	-	95,373	95,373
Total assets	23,255,464	35,582	26,477,988	22,745	49,791,778	
Liabilities						
31/12/2023						
Liabilities to credit institutions	-	-	1,295,238	-	1,295,238	1,315,613
Deposits and borrowing from the public	-	-	24,368,947	-	24,368,947	24,369,009
Securities issued	-	-	13,475,047	-	13,475,047	13,544,047
Other liabilities	473,995	27,650	906,830	28,650	1,437,125	1,437,125
Accrued expenses and deferred income	1,488,826	-	100,488	-	1,589,314	1,589,314
Subordinated liabilities	-	-	-	-	-	-
Total liabilities	1,962,821	27,650	40,146,550	28,650	42,165,670	

Assets	Financial assets measured at amortised cost	Derivatives in hedge accounting	Other assets	Fair value via the income statement (mandatory)	Amounts in SEK thousand	
					Total	Fair value
31/12/2022						
Treasury bills eligible as collateral etc.	1,238,893	-	-	-	1,238,893	1,238,357
Lending to credit institutions	1,987,473	-	-	-	1,987,473	1,987,473
Loans and advances to the public	16,437,193	-	-	-	16,437,193	16,862,753
Bonds and other interest-bearing securities	2,495,493	-	-	-	2,495,493	2,493,731
Shares and participations in other companies	-	-	-	5,467	5,467	5,467
Shares and participations in associated companies	-	-	8,766	-	8,766	-
Shares and participations in Group companies	-	-	6,742	-	6,742	-
Intangible non-current assets	-	-	19,224	-	19,224	-
Tangible assets: inventory	-	-	3,485	-	3,485	-
Tangible assets: lease items	-	-	23,426,952	-	23,426,952	-
Tangible current assets	-	-	485	-	485	-
Other assets	768,394	1,513	406,860	36,168	1,212,934	1,212,934
Prepaid expenses and accrued income	76,965	-	-	-	76,965	76,965
Total assets	23,004,411	1,513	23,872,515	41,635	46,920,073	
Liabilities						
31/12/2022						
Liabilities to credit institutions	-	-	1,407,143	-	1,407,143	1,431,896
Deposits and borrowing from the public	-	-	23,044,465	-	23,044,465	23,044,465
Securities issued	-	-	12,383,444	-	12,383,444	12,314,244
Other liabilities	381,091	49,190	1,050,129	13,944	1,494,354	1,494,354
Accrued expenses and deferred income	1,379,606	-	49,094	-	1,428,700	1,429,700
Subordinated liabilities	-	-	400,000	-	400,000	403,069
Total liabilities	1,760,697	49,190	38,334,275	13,944	40,158,106	

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: Volvohandeln PV Försäljnings AB, Volvohandeln PV Försäljnings KB, VCC Tjänstebilar KB and VCC Försäljnings KB. The Group also includes wholly-owned and dormant subsidiaries: Volvofinans Leasing AB, Autofinans Nordic AB, CarPay Sverige AB and Volvofinans IT AB.

Balance sheet	Group companies		Associates		Other related companies	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Assets	6,742	6,742	8,258	97,663	1,005,548	1,050,273
Liabilities	6,789	6,789	102,255	286,267	362,598	128,269
Income statement						
Interest income	-	-	5,056	3,072	191	22
Lease income	-	-	-	-	335,792	356,606
Interest expenses	-	-	-1,147	-288	-4,323	-565
Commission income	-	-	3,095	3,107	12,644	13,216
Other operating income	-	-	3,118	3,350	-	-
Total	-	-	10,122	9,240	344,305	369,279

NOTE 11. EVENTS AFTER THE END OF THE PERIOD

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



VOLVOFINANS BANK

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