CREDIT OPINION
20 May 2026

Update

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RATINGS

Ziklo Bank AB

Domicile	Gothenburg, Sweden
Long Term CRR	A2
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Not Assigned
Long Term Deposit	A2
Type	LT Bank Deposits - Fgn Curr
Outlook	Negative

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Ziklo Bank AB

Update following upgrade of deposit ratings

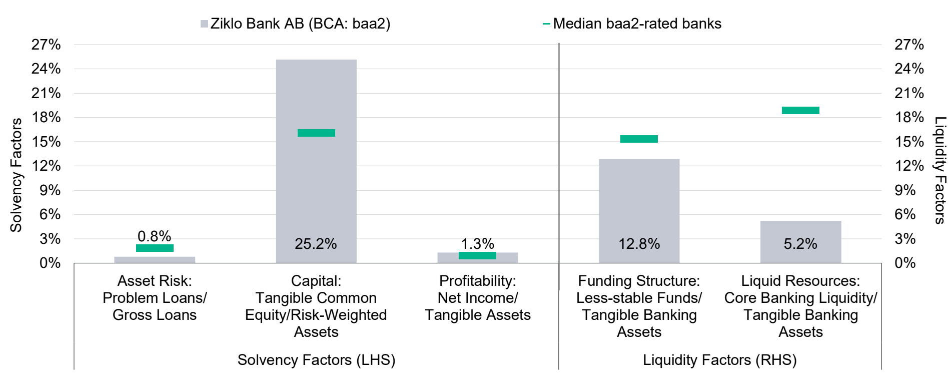
Summary

The A2 long-term deposit and A3 issuer ratings of Ziklo Bank AB (Ziklo Bank) reflect the bank's standalone creditworthiness, as expressed by baa2 Baseline Credit Assessment (BCA), and very low loss-given-failure, which results in a three-notch uplift for deposit ratings and two-notch uplift to issuer ratings under our advanced Loss Given Failure (LGF) analysis. Low probability of support from the Government of Sweden (Aaa, outlook stable), does not result in any further uplift.

Ziklo Banks' baa2 BCA reflects its strong solvency, including its consistently strong asset quality, very strong capitalisation, and stable recurring profitability. The bank's strong solvency is complemented by a solid funding profile, characterised by a granular retail deposit base and longer-dated senior unsecured funding. This is balanced against the its tightly managed liquidity and concentrated exposure to the automotive finance industry.

The outlook on Ziklo Bank's deposit and issuer rating is negative, reflecting the interlinks with its part owner Volvo Car AB (Volvo Car, Corporate Family Rating Ba1, outlook negative).

Exhibit 1
Rating Scorecard - Key financial ratios



These represent our Banks methodology scorecard ratios, whereby asset risk and profitability reflect the weaker of either the latest reported or the average of the last three year-end and latest reported ratios. Capital is the latest reported figure. Funding structure and liquid resources ratios reflect the latest year-end figures.
Source: Moody's Ratings

Credit strengths

» Stable asset quality and low level of loan losses

» High regulatory capital ratios

» Stable recurring profitability

» Granular retail deposit base and longer-dated wholesale funding

Credit challenges

» Highly concentrated loan book in the automotive sector

» Interlinkages with Volvo Car

» No permanent access to central bank liquidity

Outlook

The outlook on Ziklo Bank's long-term deposit and issuer ratings is negative, aligned with the negative outlook on its part owner, Volvo Car. The negative outlook of Volvo Car is driven by our expectation that amid a challenging macroeconomic environment, the automaker's profitability will remain subdued and it will be difficult to improve profitability and cash flow to levels commensurate with Volvo Car's Ba1 rating.

In our view, a deterioration in Volvo Car's creditworthiness could have a spillover effect on the bank's financing volumes, profitability, or ability to fund itself given the use of the Volvofinans brand in its deposit business. Additionally, a weaker performance of the automaker could impact the operating performance of Volvo dealers, which provide loan and lease residual guarantees for Ziklo's lending portfolio. These risks are balanced by the significant share of financed vehicles being non-Volvo, including those in its fleet business and affiliated Volvo dealers.

Factors that could lead to an upgrade

While unlikely given the negative outlook on its long-term deposit and issuer ratings, Ziklo Bank's ratings could be upgraded following higher liquidity buffers and permanent central bank liquidity access, provided that also Volvo Car's ratings are upgraded (unlikely at present given the negative outlook), or provided that Ziklo Bank further diversifies the cars it finances away from Volvo Car and it reduces its interdependencies with Volvo Car and the Volvo brand.

Factors that could lead to a downgrade

The ratings could be downgraded if the BCA is downgraded or if there is a substantial reduction in the volume of deposits compared to its tangible banking assets, resulting in higher loss severity for deposits in the event of the bank's failure. The BCA could be downgraded following a significant deterioration in profitability and asset quality, or a lack of access to market funding, which would put pressure on liquidity.

Furthermore, a downgrade of Volvo Car's ratings could lead to a downgrade of Ziklo Bank's ratings, particularly if we believe that a deterioration in Volvo Car's creditworthiness impacts Ziklo Bank's financing volumes, the performance of Volvo dealers in Sweden, or its ability to fund itself.

Key indicators

Exhibit 2
Ziklo Bank AB (Unconsolidated Financials) [1]

	03-26 [2]	12-25 [2]	12-24 [2]	12-23 [2]	12-22 [2]	CAGR/Avg. [3]
Total Assets (SEK Million)	62,479.9	62,953.2	58,059.9	49,791.8	46,920.1	9.2 [4]
Total Assets (USD Million)	6,558.7	6,828.8	5,254.6	4,940.7	4,503.1	12.3 [4]
Tangible Common Equity (SEK Million)	6,808.3	7,229.1	6,773.9	6,388.4	5,778.7	5.2 [4]
Tangible Common Equity (USD Million)	714.7	784.2	613.1	633.9	554.6	8.1 [4]
Problem Loans / Gross Loans (%)	0.7	0.8	0.8	0.8	0.6	0.7 [5]
Tangible Common Equity / Risk Weighted Assets (%)	24.2	25.2	21.2	23.3	23.8	23.5 [6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	5.5	5.8	5.8	5.1	4.0	5.2 [5]
Net Interest Margin (%)	1.9	2.0	2.2	2.5	1.9	2.1 [5]
PPI / Average RWA (%)	3.2	3.7	3.7	4.4	3.8	3.7 [6]
Net Income / Tangible Assets (%)	1.2	1.3	1.3	1.6	2.8	1.7 [5]
Cost / Income Ratio (%)	44.7	40.2	43.1	38.1	39.3	41.1 [5]
Gross Loans / Due to Customers (%)	211.8	206.7	198.0	174.3	173.1	192.8 [5]
Core Banking Liquidity (HQLA) / Tangible Banking Assets (%)	--	5.2	5.2	--	--	5.3 [5]
Less-stable Funds (LCR) / Tangible Banking Assets (%)	--	12.8	16.3	--	--	10.9 [5]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.
Sources: Moody's Ratings and company filings

Profile

Ziklo Bank AB (previously - Volvofinans Bank AB), established in 1959, offers financial services to private and corporate customers who purchase or lease vehicles, mainly through the Volvo dealers in Sweden. In recent years, Ziklo Bank has expanded its offerings by collaborating with more partners and brands within the automotive and mobility industry. To support its multi-brand strategy, the bank rebranded as Ziklo Bank in March 2024, while retaining the Volvofinans name for its deposit products and Volvo related offerings.

In addition to car and truck financing (55% and 12% of lending, respectively, as of end-December 2025), the bank provides fleet financing solutions (29%) and credit card services (4%). The bank's automotive-oriented franchise is underpinned by its widely recognised brand name and a leading market share in the car financing segment in Sweden.

Detailed credit considerations

Highly concentrated loan book in the automotive sector and interlinkages with Volvo Car constrain the BCA

Similar to other automotive financing banks, Ziklo Bank's derives the majority of its revenue from consumer and automotive finance operations in Sweden, exposing it to the cycles within the automotive industry. The bank's BCA of baa2 is, therefore, one notch below its baa1 Financial Profile because its monoline business model prevents it from having other income streams to fall back on to help absorb any unexpected shocks.

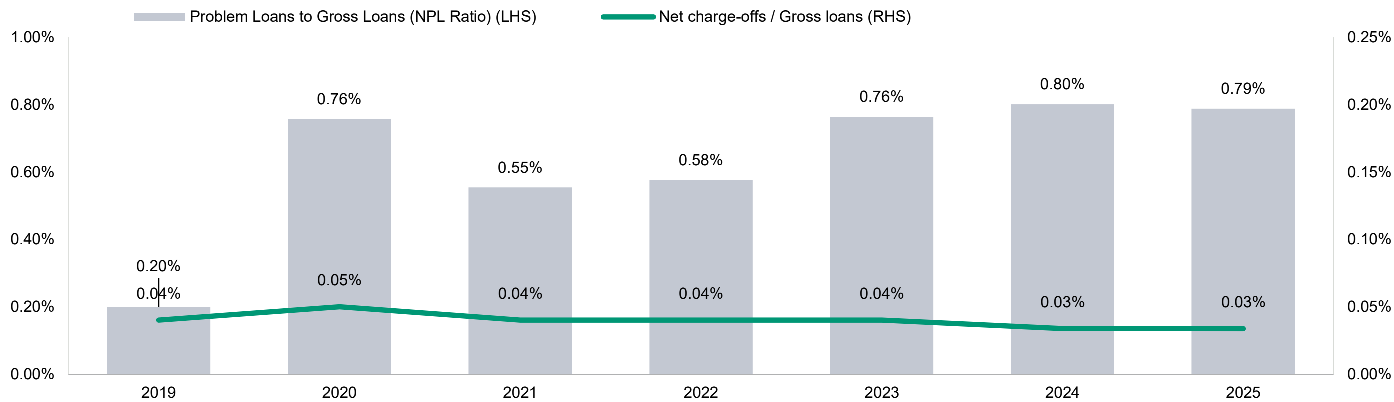
Ziklo Bank's baa2 BCA is constrained at two notches above Volvo Car's Ba1 Corporate Family Rating due to Volvo Car's substantial ownership stake in Ziklo Bank (50%) and the commercial connection through the Volvofinans brand, as well as being a significant financier of Volvo vehicles. However, the two-notch difference is greater than that of auto captives, reflecting the lower level of interlinkages between Ziklo Bank and Volvo Car.

Stable asset quality and low level of loan losses

The bank's asset quality, which has historically been excellent, characterised by a low share of problem loans and credit losses, has remained resilient despite the challenging operating environment experienced during the past years with weak economic growth and high inflation, in addition to high fuel and commodity costs and higher interest rates.

We expect problem loans to remain stable during the next 12-18 months and credit losses will remain minimal with a large portion of the bank's exposures protected through recourse agreements with its Volvo dealers. The Swedish Volvo dealers have an obligation to cover the loan losses arising from the loans they have originated. In addition, Volvo dealers are obliged to buy back problem loans from the bank.

Exhibit 3
Low levels of problem loans
Problem loans and net charge-offs as a share of gross loans and leases



Source: Moody's Ratings

These recourse agreements with its Swedish Volvo dealers cover two-thirds of the bank's lending book (sales finance cars and sales finance trucks), which require dealers to cover losses arising from the loans they have originated. In addition, Volvo dealers are obliged to buy back problem loans from the bank. Consequently, the bank will recognise a loan loss only if the end-customer suspends payments; the dealership is unable to service the missed customer payments; and the market value of the vehicle is less than the residual value of the loan. As a result, Ziklo Banks' loan losses are very low and well below its peers, equivalent to only 3 basis points of gross outstanding loans as of end of December 2025. Likewise, of the SEK355 million in loan and leasing receivables more than 90 days overdue or defaulted, SEK346 million are protected by recourse agreements. The bank also has SEK20 million of credit cards related impaired receivables as of end of December 2025.

Given its business model, Ziklo Bank's concentration in automotive financing is very high compared with the industry concentrations of other Swedish banks and can be sensitive to shifts in residual values. Hence, the bank's financial performance is more correlated with the performance of the Swedish automotive industry than that of many other Swedish banks. Although the bank's credit card business adds some diversification, card lending volumes remained low at around 4% of total lending as of the end of December 2025 and they're higher risk, forming the bank's main source of loan losses.

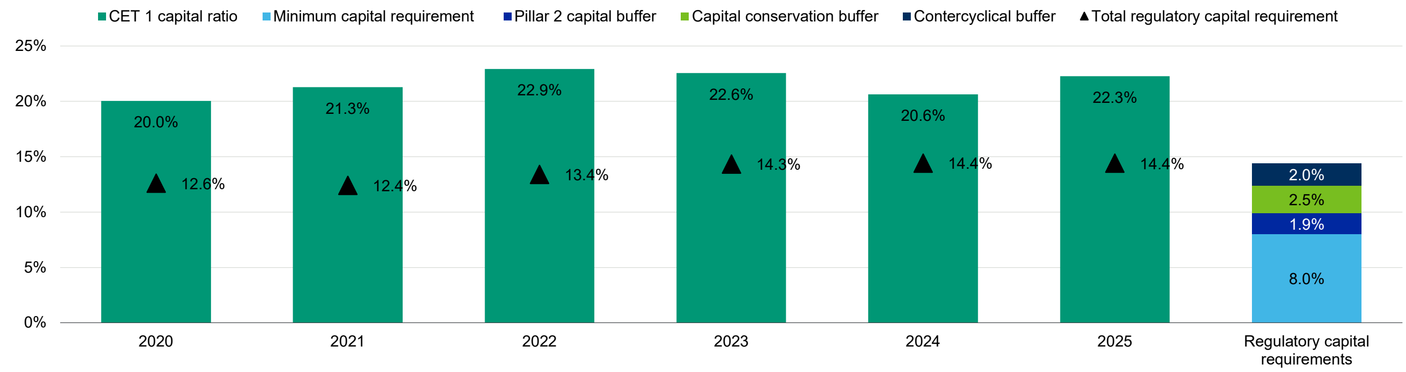
In November 2024, Ziklo Bank acquired a portfolio of leasing contracts from Volvo Car Sweden going under the name Care by Volvo, which was a leasing and car subscription service. The acquisition was of 8745 cars valued at 2.7 billion. The customers were both private and corporates, and their leasing contracts were transferred to Ziklo Bank after the acquisition. Hence, out of the SEK6.6 billion growth in lending for Ziklo Bank in 2024, SEK2.7 billion was a result of this acquisition.

The bank's concentrated exposure to automative financing, which we consider significantly riskier than, for example, residential mortgage lending, is reflected in the assigned a2 Asset Risk score; this is three notches below the aa2 Macro Adjusted score. This is balanced against the low level of credit losses that the bank has experienced historically.

High regulatory capital ratios

The bank maintains a conservative capital management policy underpinned by very high capital levels, solid recurring profitability and a modest dividend payout policy. As of December 2025, Ziklo Bank reported a 22.3% Common Equity Tier 1 (CET1) capital ratio, well-above its regulatory requirements. Ziklo Bank has a strong reported leverage ratio of 10.5% as of end-December 2025 which reflects its exposure to automotive financing which carries higher risk-weights.

Exhibit 4
High capital buffers demonstrates a conservative capital management approach
Capitalisation and minimum regulatory capital requirements



Source: Company reports

The bank's regulatory capital is comprised entirely of CET1, with the bulk of this equity located in an untaxed reserve on the balance sheet. This balance sheet entry increases as a result of accelerated depreciation, which, in turn, reduces the bank's tax bill. Untaxed reserves essentially consist of profit that has not yet been taxed. To calculate our TCE ratio, we deduct taxes from the untaxed reserves and treat the net balance as equity.

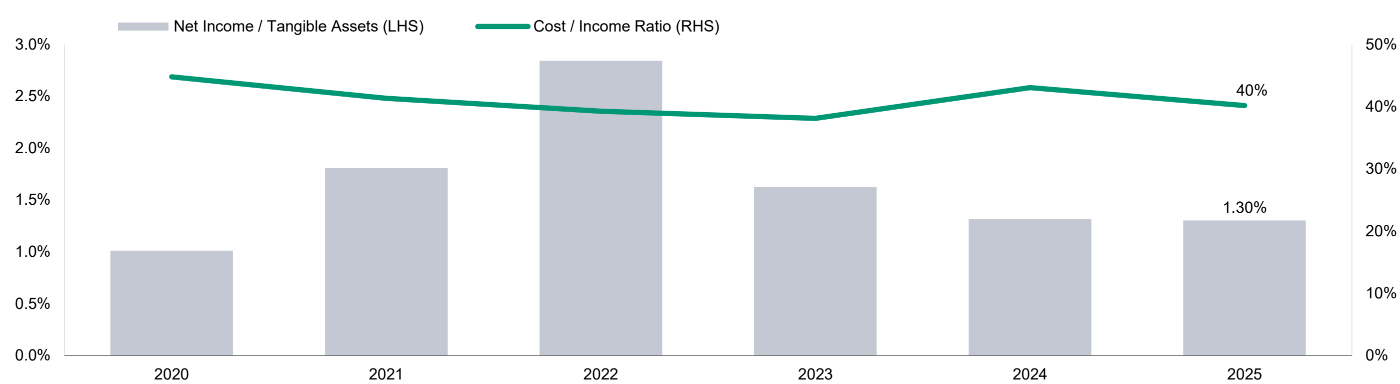
Ziklo Bank is privately owned by the Volvo dealers (via their holding company, AB Volverkinvest) and Volvo Personvagnar AB, and therefore does not have the same type of access to capital as a publicly traded bank. The bank's limited access to capital against its very strong capitalisation results in two notches of negative adjustment to the a1 assigned Capital score, also reflecting the use of internal ratings based approach for credit risk weighted assets, which we typically notch down for.

Stable recurring profitability

The bank's high recurring profitability is supported by sound margins and good operational efficiency with an excellent reported cost-to income ratio of 40% for 2025, down from 43% in 2024. Its track record of stable financial performance reflects the leading market presence of Volvo cars in Sweden as well as its strategy to diversify the automative brands that it finances.

Ziklo Bank's earnings remained strong in 2025, with a net income to tangible assets ratio of 1.3%, supported by healthy net interest margins (NIM) and solid origination volumes. Looking ahead, we expect a modest moderation in earnings, reflecting slightly lower disposal values, although we expect the bank's NIM to remain largely stable.

Exhibit 5
Ziklo Bank's ROA has moderated from a record high in 2022 yet remains strong
Profitability metrics



Moody's adjusted figures
Source: Moody's Ratings

Ziklo Banks' earnings structure benefits from very low credit losses, with its loan loss provisions to pre-provision income being one of the lowest among the Swedish banks that we rate, supported by its loan recourse agreements with Volvo dealers. For 2025, loan loss provisions amounted to just SEK 12.3 million, compared to SEK 24.2 million in 2024.

The Profitability score of a3 reflects the bank's high profitability and good efficiency ratios.

Granular retail deposit base and longer-dated wholesale funding

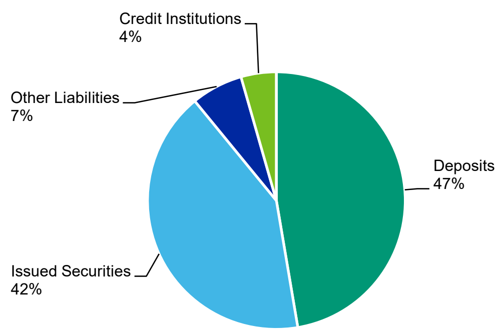
Ziklo Bank is primarily funded by deposits, which accounted for 47% of reported total liabilities, excluding equity, as of end-December 2025. To date, deposits have been a relatively cheap and stable source of funding for the bank. However, the absence of current accounts may limit deposit stickiness.

While the share of retail deposits, which are generally a less volatile funding source, is considerably higher than at other automotive financing banks, the bank remains reliant on wholesale funding, primarily domestic senior unsecured debt. This consists largely of longer-dated bonds, which supports the bank's solid funding profile.

Exhibit 6

Ziklo Bank remains dependent on wholesale funding

Non-equity funding sources as a percentage of total liabilities (as of 31 December 2025)



Source: Moody's Ratings

As a small Swedish bank, Ziklo Bank has a debt investor base that is smaller than that of larger Swedish banks that issue debt in multiple currencies and geographies and to a diversified investor base. The lack of such a deep and diversified investor pool places Ziklo Bank at a disadvantage to those banks if markets were to shrink.

The share of funding from senior unsecured debt has increased in recent years, rising from 32% of liabilities as of year-end 2023 to 42% by year-end 2025. This increase was largely driven by the acquisition of SEK 1.8 billion of leases from Volvo Car Sweden in October 2024. However, we do not expect this share to increase further.

The Funding Structure score of baa1 is three notches below the Macro Adjusted score, reflecting the intrinsically more confidence sensitivity of the bank's internet-sourced deposits.

Tightly managed liquidity and no permanent access to central bank liquidity

The bank's Core banking liquidity to Tangible Banking Assets (TBA) ratio was a low 5.2% as of year-end 2025, which drives our weaker assessment of the bank's liquidity.

The bank manages its liquidity tightly in line with its funding needs, reflecting its focus on car lending with shorter maturities than mortgages, as well as the retail deposit profile of its deposit book. Nevertheless, the bank demonstrates prudent liquidity management, as evidenced by a Liquidity Coverage Ratio of 263% as of December 2025, well above the regulatory minimum, and a Net Stable Funding Ratio of 120% over the same period. In addition, the bank has access to additional committed credit facilities and could draw a total of SEK 3.8 billion from leading financial institutions.

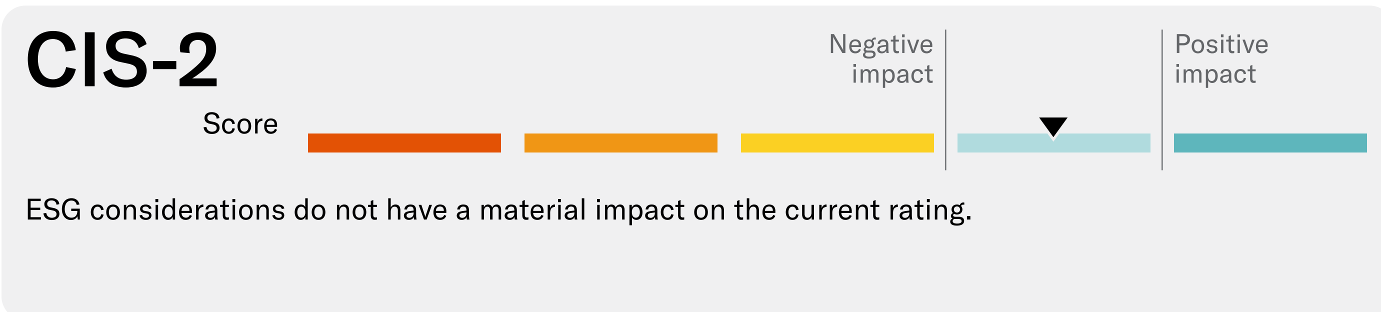
Our assessment on liquidity also takes into account Ziklo Bank lack of permanent access to central bank liquidity as a monetary policy counterparty, which reduces the available liquidity sources during severe market stress. The bank was granted temporary access during the pandemic between 2020-22, however, their status stands out compared to other Swedish banks with permanent access to the central bank as the lender of last resort. While the bank does not have the same intraday liquidity needs as banks that offer current accounts, there is still a risk of accelerated deposit outflows and limited access to capital markets during times of high volatility.

The assigned Liquid Assets score of b1, two notches below the Macro Adjusted score, reflects the bank's tightly managed liquidity but also its lack of permanent access to central bank liquidity.

ESG considerations

Ziklo Bank AB's ESG credit impact score is CIS-2

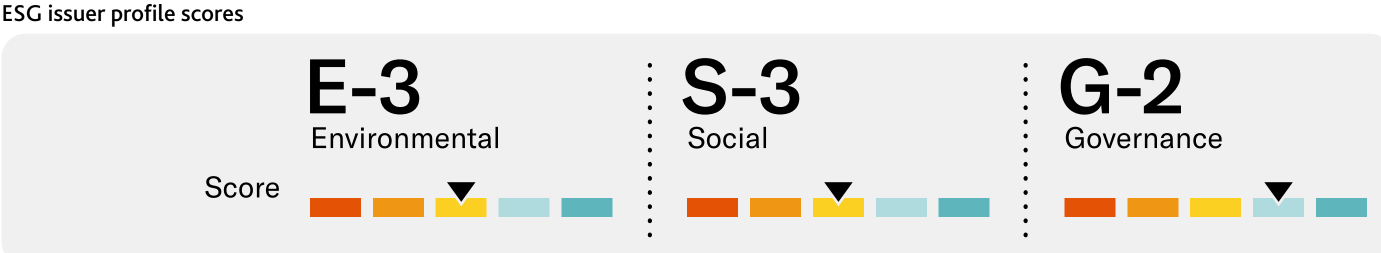
Exhibit 7
ESG credit impact score



Source: Moody's Ratings

Ziklo Bank's **CIS-2** reflects our view that environmental, social and governance risks have no material impact on the ratings.

Exhibit 8
ESG issuer profile scores



Source: Moody's Ratings

Environmental
Ziklo Bank faces environmental risks primarily because of its portfolio exposure to carbon transition risks in its auto lending business. The bank is subject to the same shift in demand characteristics for their product offering in the same way that auto manufacturers are. These risks are addressed by the bank's active climate risk management strategy and portfolio management capabilities, which is reflected in its growing share of financed electric and plug-in hybrid electric vehicles.

Social
Ziklo Bank faces social risks related to regulatory and litigation risks, requiring high compliance standards. These risks are mitigated by the bank's developed policies and procedures. High cyber and personal data risks are mitigated by the bank's strong IT framework.

Governance
Ziklo Bank faces low governance risks. It has a track record of sound capital management and earnings stability while losses have been low, even at times of market turbulence. The lack of permanent access to central bank liquidity as a monetary policy counterparty increases the bank's liquidity risk compared to other Swedish banks. Ziklo Bank is 50:50 jointly owned by the Swedish Volvo dealers

through AB Volverkinvest and the car manufacturer Volvo Personvagnar AB, leading to moderately negative risks with respect to board structures and policies. Its seven-member board of directors includes three independent directors, two members appointed by Volvo Personvagnar, and two members appointed by the Volvo dealers. The minority of representation by either of the large owners supports board independence and effective oversight. Ziklo Bank benefits from a degree of strategic, operational and financial independence, which makes its credit profile less correlated with its automotive-manufacturer parent than is typically observed with captive automotive financing banks.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Loss Given Failure (LGF) analysis

We consider Ziklo Bank to be domiciled in an operational resolution regime. Our Advanced LGF analysis reflects that full depositor preference over senior debt creditors will be implemented in the EU by early 2028.

We apply our Advanced LGF analysis to Ziklo Bank because the bank is based in Sweden, which we consider an operational resolution regime. For this analysis, we assume that equity and losses are at 3% and 8%, respectively, of tangible banking assets in a failure scenario. We also assume a 25% runoff of junior wholesale deposits and a 5% runoff in preferred deposits. These are in line with our standard assumptions. We also assume that the share of junior deposits is 10%, in line with our view that retail oriented banks will have a low share of large corporate deposits.

Our LGF analysis indicates that Ziklo Bank's deposits and senior unsecured debt are likely to face very low loss given failure because of the loss absorption provided by the large buffer of loss-absorbing liabilities. This results in a three-notch uplift for the long-term deposit ratings, and two notch uplift from the issuer ratings from the bank's Adjusted BCA.

Government support considerations

We believe that Ziklo Bank is not a systemic institution. As such, the bank's ratings do not include uplifts for government support, reflecting of our assessment of a low probability of support from the Swedish government.

Methodology and scorecard

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 9

Rating Factors

Macro Factors							
Weighted Macro Profile	**Strong +**	**100%**					
Factor		**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency							
Asset Risk							
Problem Loans / Gross Loans		0.8%	aa2	↔	a2	Sector concentration	Long-run loss performance
Capital							
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)		24.2%	aa2	↔	a1	Recognition of risk-weighted assets	Access to capital
Profitability							

Net Income / Tangible Assets	1.2%	a3	↔	a3	Expected Trend
Combined Solvency Score		aa3		a2	
Liquidity					
Funding Structure					
Less-stable Funds / Tangible Banking Assets	12.8%	a1	↔	baa1	Deposit quality
Liquid Resources					
Core Banking Liquidity / Tangible Banking Assets	5.2%	ba2	↔	b1	Contingent liquidity
Combined Liquidity Score		baa1		ba1	
Financial Profile		a1		baa1	
Qualitative Adjustments				Adjustment	
Business and Geographic Diversification				-1	
Complexity and Opacity				0	
Strategy, Risk Appetite and Governance				0	
Total Qualitative Adjustments				-1	
Sovereign or Affiliate constraint				Baa2	
BCA Scorecard-indicated Outcome - Range				baa1 - baa3	
Assigned BCA				baa2	
Affiliate Support notching				0	
Adjusted BCA				baa2	

Balance Sheet	**in-scope (SEK Million)**	**% in-scope**	**at-failure (SEK Million)**	**% at-failure**
Other liabilities	12,242	19.6%	14,007	22.4%
Deposits	25,205	40.4%	23,441	37.5%
Preferred deposits	22,685	36.3%	21,550	34.5%
Junior deposits	2,521	4.0%	1,890	3.0%
Senior unsecured bank debt	23,139	37.0%	23,139	37.0%
Equity	1,874	3.0%	1,874	3.0%
Total Tangible Banking Assets	62,461	100.0%	62,461	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	43.1%	43.1%	43.1%	43.1%	3	3	3	3	0	a2
Counterparty Risk Assessment	43.1%	43.1%	43.1%	43.1%	3	3	3	3	0	a2 (cr)
Deposits	43.1%	3.0%	43.1%	40.0%	2	3	3	3	0	a2
Senior unsecured bank debt	43.1%	3.0%	40.0%	3.0%	2	2	2	2	0	a3

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	a2	0	A2	A2
Counterparty Risk Assessment	3	0	a2 (cr)	0	A2(cr)	
Deposits	3	0	a2	0	A2	A2
Senior unsecured bank debt	2	0	a3	0	A3	A3

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Ratings

Ratings

Exhibit 10

Category	Moody's Rating
ZIKLO BANK AB	
Outlook	Negative
Counterparty Risk Rating	A2/P-1
Bank Deposits	A2/P-1
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A2(cr)/P-1(cr)
Issuer Rating	A3
ST Issuer Rating	P-2

Source: Moody's Ratings

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454