Annual report 2024

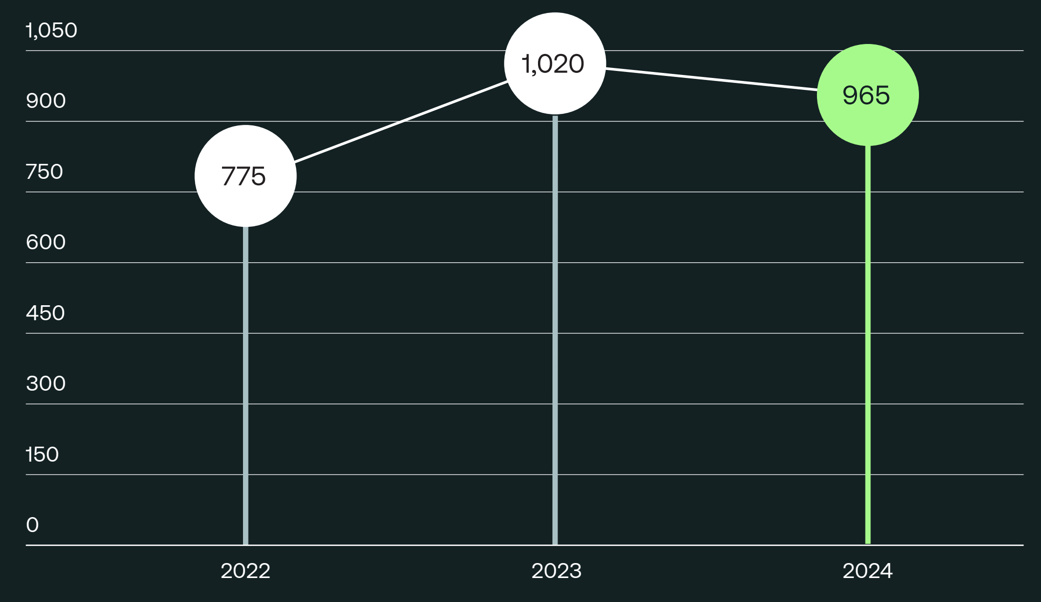
The Mobility Bank Ziklo

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

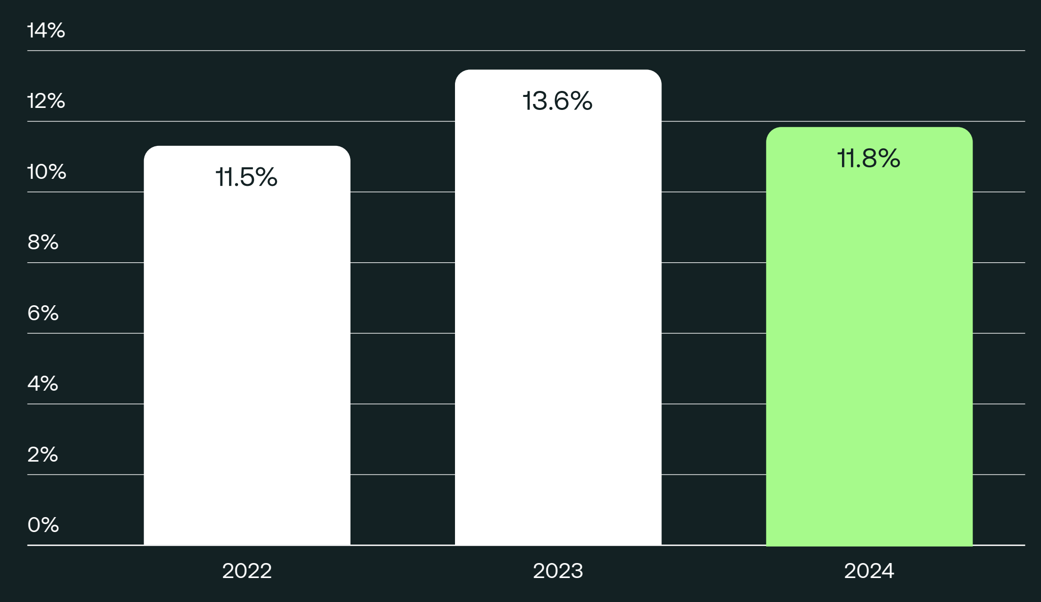
Summary

Jan–Dec

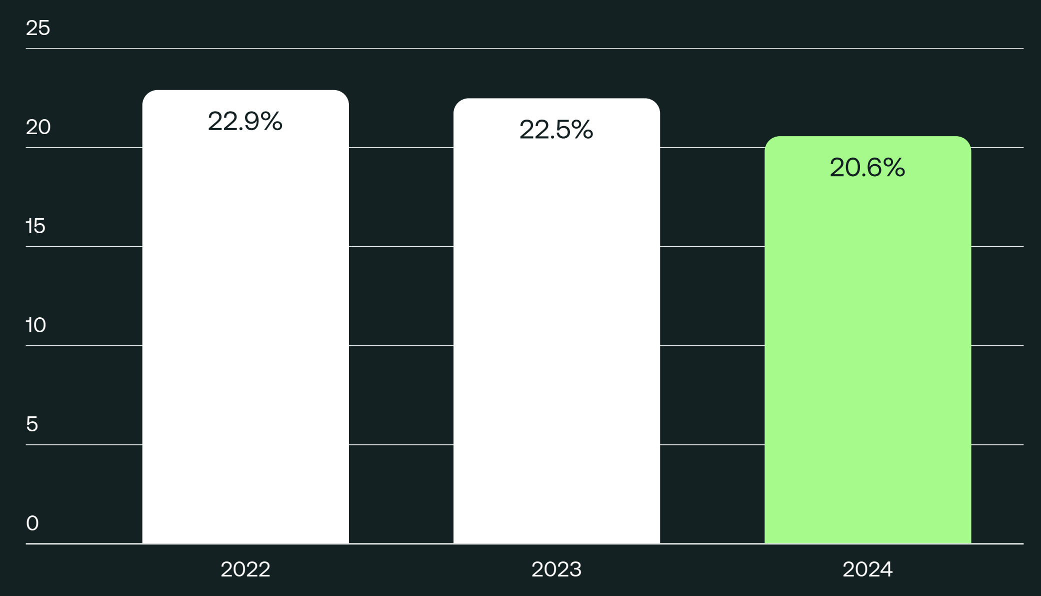
Operating profit, SEK million



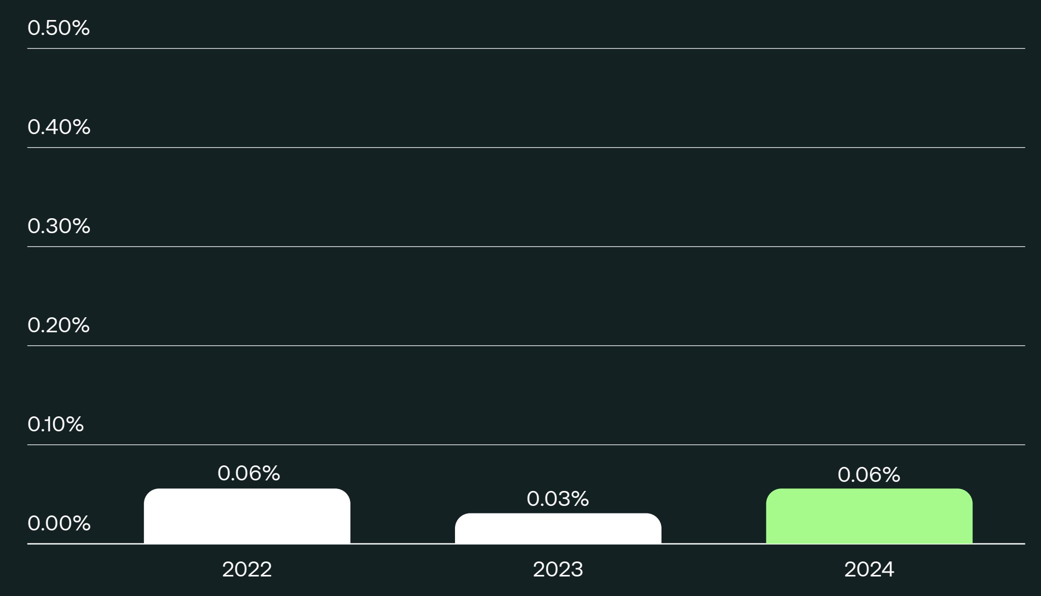
Return on equity



Common Equity Tier 1 capital ratio



Credit losses/lending



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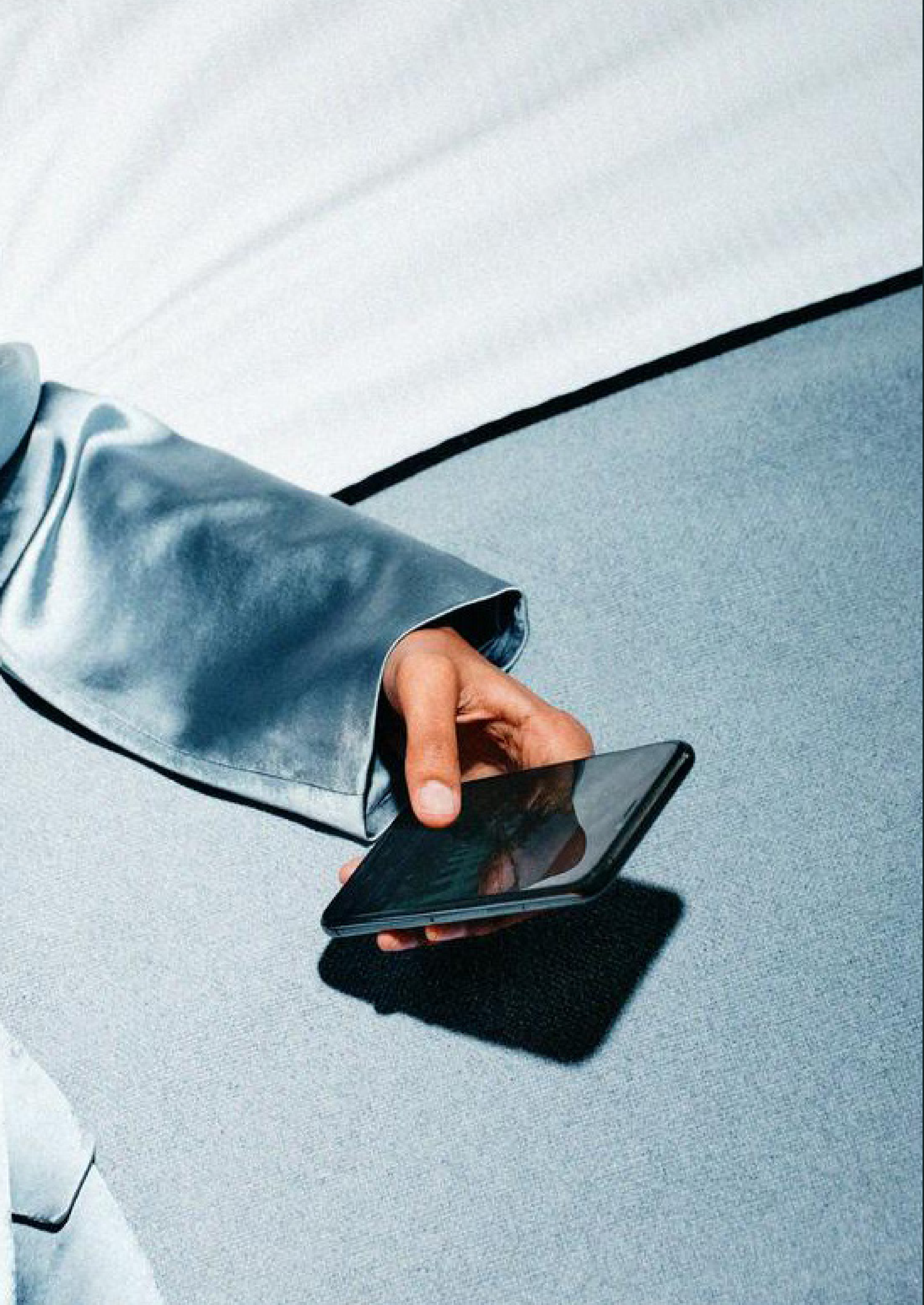


Jan–Dec 2024 in summary

Operating profit

SEK 965 million (1,020)

Return on equity

11.8% (13.6)

Lending as of 31 December

SEK 49.0 billion (42.5)

Credit losses / lending

0.06% (0.03)

Common Equity Tier 1 capital ratio

20.6% (22.5)

Cost/Income ratio excluding residual value provision

0.43 (0.38)

Statement by the CEO

In summing up 2024, we can conclude success in managing our initial concerns about declining lending volumes. Despite a challenging market it proved that demand, especially for company cars, in combination with the compelling Volvo Cars model programme were a successful and prosperous combination. This enabled the bank to continue growing volume, with lending increasing by no less than 15% to SEK 49 billion (42.5). Growth continues to be strong, even excluding the SEK 2.7 billion acquisition of the Care by Volvo portfolio at the end of the year.

Strong earnings despite a challenging interest rate environment

The bank's operating profit decreased slightly to SEK 965 million (1,020), which was expected in view of the decline in market interest rates during the majority of the year. At the same time, increased financing volumes made a positive contribution to net interest income. Common Equity Tier 1 capital ratio remains stable at more than 20%, well above regulatory requirements despite increased lending. Calculated expected credit losses increased slightly from historically low levels, while confirmed credit losses decreased by SEK 1 million to SEK 17 million, once again demonstrating the strength of our diversified risk model, especially in a period of recession when households and companies are under financial pressure.

Historically low car market volumes

The automotive industry was characterised by weak demand, which resulted in the lowest number of passenger car registrations in Sweden for 10 years, with a total market of 269,500 registrations and a decrease of 7% compared to the previous year. Despite this, Volvo Cars, our biggest partner, enjoyed success both globally and locally, increasing its market share in Sweden by 3 percentage points to 17.4%, equivalent to almost 47,000 cars. Polestar also continued to grow, achieving a market share of 2.2% and 5,900 registered cars. The truck market had an especially challenging year with a decrease of 21% to 5,226 registered trucks in which the share of electric trucks increased from a low level to 6.5% of the total market, corresponding to 340 vehicles. Volvo Trucks achieved a market share of 40% (45).

The total share of rechargeable passenger cars decreased slightly to just over 58.4% (59.8) of all registrations, of which BEVs accounted for 35% (38.7). It's gratifying to note that Ziklo Bank has achieved a share of no less than 87% rechargeable vehicles, of which 48% are BEVs. We see this as an important recognition of our promise to help customers transition to sustainable means of transport.

In 2025, Mobility Sweden expects a marginal increase in the total market to 275,000 passenger car registrations, and for HGVs >16 tonnes, 4,900 registrations according to a forecast by MRF, a Swedish automotive industry association.

Earnings in the bank's three segments reflect the market situation

Among the bank's operating segments – Cars, Fleet and Trucks – Fleet distinguished itself with a new earnings record for the business area of SEK 530 million (447), where the disposal of leasing vehicles was the main earnings driver. Earnings for Cars and Trucks were affected by a weakened net interest income and increased overhead expenses. Overall, the earnings reflect the two-tiered market we have seen, where larger companies have shown a stronger willingness to invest than smaller companies and private individuals. However, we believe that the Swedish Central Bank's interest-rate cuts together with fiscal stimulus measures, in combination with the product offerings of our partners, will contribute to new purchasing power and increased optimism in all segments and target groups.

A successful, eventful 2024 for Ziklo Bank

In many ways, the past year was an eventful one for the bank. In March, we completed our name change to Ziklo Bank – a change that was received very positively by customers and partners alike. The name Ziklo is derived from the Latin word ciclo, which means cycle (of events), and it symbolises our ambition to contribute to sustainable transportation.

Our strategy is to grow and expand our business with both new and existing partners, and we can see results of this in the increasing lending volumes for the year. We continue to develop our collaboration with Volvo Cars and Volvo Trucks, and our Volvo-related services remain under the Volvofinans brand. The acquisition of the Care by Volvo portfolio in partnership with Volvo Cars in December was a significant milestone, and marked the bank's biggest stock acquisition ever. The acquisition, which includes 8,745 leases valued at SEK 2.7 billion, strengthens our market position and provides us with an excellent platform for continued growth.

Management changes were carried out in the bank during the spring, and Conny Bergström stepped down after 11 successful years at the helm, to be succeeded by the undersigned. There was also a change in the position of Chairman when Urmas Kruusval declined re-election after 17 years on the Board. Björn Ingemanson was elected as the new Chairman. He joins us from his recent position as CEO of Volvo Penta, and he held an earlier position as CEO and Marketing Manager here at the bank.

Economic outlook for 2025

The global financial arena at the beginning of 2025 was characterised by the new American Trump administration, which has increased the level of uncertainty in the realm of political security. For Sweden's part, observers are all looking forward to the long-awaited growth recovery driven by higher domestic consumption. While an increase in consumption is discernible, the upturn is sluggish and uneven. Renewed inflation has made another interest rate cut from the Swedish central bank seem distant. In conclusion, there is reason to be vigilant about political and economic developments moving forward.

Concluding reflections

It was a dynamic year characterised by both challenges and successes, and today the bank is in a strong position. Our vision is to be the leading bank for the mobility of the future, with the ambition of continuing to drive innovation, strengthen our partnerships and create value in our ecosystem that contributes to sustainable development.

I would like to extend a big thank you to our employees, partners and customers for their commitment and trust. Looking forward to a successful 2025 together.

> "Our vision is to be the leading bank for the mobility of the future."

Joel Graffman

CEO
Ziklo Bank AB

Sweden's Volvo dealerships in 2024

A COMPREHENSIVE SALES NETWORK

Sweden's Volvo dealers form a nationwide retail network that includes 38 privately owned dealerships and three listed dealerships with around 224 sales outlets and over 252 service workshops. The general agent, Volvo Car Sverige AB, has participating interests in three sales companies. Stock exchange-listed Bilia AB owns the largest passenger car company, while AB Volvo owns the largest truck company. These listed companies account for nearly 40% of Volvo and Renault sales in Sweden's car and truck markets, respectively.

In all, 27 owners and groups of owners are represented in the Volvo dealer network. Volvo dealer operations are divided into passenger car and truck operations. The majority of the companies, 22, only sell passenger cars, while 18 only sell trucks (HGVs >16 tonnes).

Volvo dealerships, 2024 in figures

Forecast Volvo dealership sales for 2024 totalled around SEK 58 billion with a total profit of around SEK 1.4 billion.

A broader business

Sweden's Volvo dealers have a broad product range in the vehicle market. This includes everything from the sale of passenger cars and delivery vehicles to HGVs and buses, and their associated aftermarkets. Thus the bank gains access to a large domestic market through the Volvo dealer network.

Ziklo Bank and Volvo dealers

One of the bank's assignments is to raise money for financing dealership loans and leases, i.e. support their business operations. Sweden's Volvo dealers work closely together with Ziklo Bank, and are market leaders in terms of vehicle-related services such as financing and payment solutions.

Volvo dealership credit ratings

Dealership credit ratings are among the indicators the bank follows when assessing payment ability from a long-term perspective. Volvo dealership creditworthiness is assessed for each individual legal entity. A significant majority of the 40 Volvo dealerships have the highest possible credit rating.

Year	AAA	AA	A	B	Number
2024	68%	30%	0%	3%	40
2023	76%	22%	2%	-	46
2022	90%	8%	2%	-	50
2021	78%	20%	2%	-	55
2020	71%	22%	5%	2%	58

Volvo dealerships five-year summary

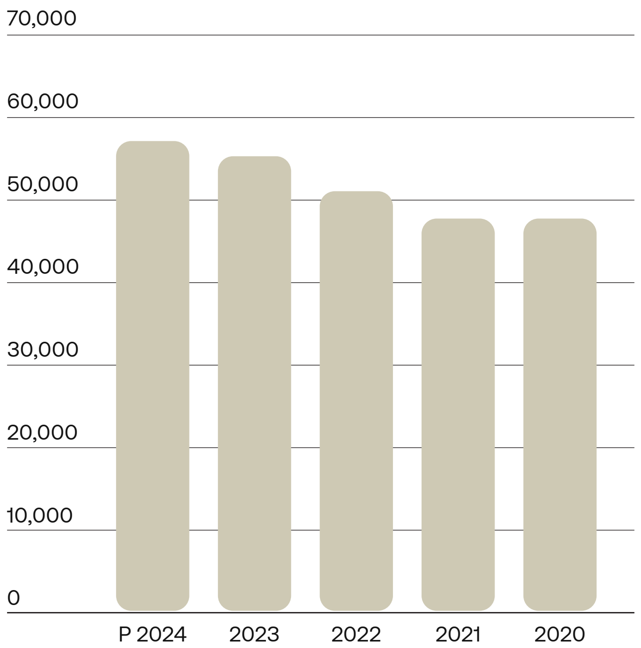
(amounts in SEK million)

	Forecast				
Sales and profits	**2024**	**2023**	**2022**	**2021**	**2020**
Sales, Cars	48,702	46,607	44,006	41,024	42,500
Sales, Trucks	8,869	8,276	7,100	6,563	5,748
Profit after net financial income/expense, Cars	885	1,296	1,903	1,900	1,743
Profit after net financial income/expense, Trucks	553	536	398	370	281
Total sales	**57,571**	**54,883**	**51,106**	**47,587**	**48,248**
Total profit after net financial income/expense	**1,438**	**1,832**	**2,302**	**2,270**	**2,024**
Key ratios					
Equity/assets ratio (%), Cars	40	38	37	44	39
Equity/assets ratio (%), Trucks	43	46	41	46	37
Return on equity (%), Cars	30	21	33	41	23
Return on equity (%), Trucks	32	39	25	25	37

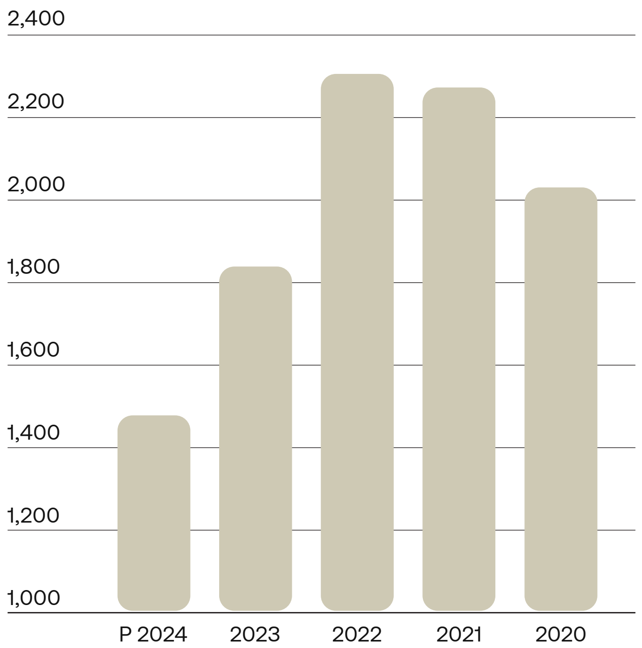
Note: The figures for 2024 are based on forecasts as the annual accounts were not available at the time of publication.

Introduction

Volvo dealerships, Sales (SEK millions)



Volvo dealerships, Profit (SEK millions)



Directors' Report

The Board of Directors and Chief Executive Officer of Ziklo Bank AB (publ) (hereinafter "the bank") hereby present their report on operations for 2024.

Group structure

The bank has its registered office in Gothenburg.

Volvofinans Leasing AB, Autofinans Nordic AB, CarPay Sverige AB and Volvofinans IT AB are wholly owned, dormant subsidiaries.

Under chapter 7, section 6a of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, the bank does not prepare consolidated accounts as activities in subsidiaries are negligible.

Together with Volvo PV Fordonspark AB, Volvohandlarföreningen Ek för and Volvohandelns PV Försäljnings AB, which is also a general partner, the bank owns three limited partnerships, one of which sells on commission through the Swedish Volvo dealership network while the other two provide rental services to companies in Volvo Car Corporation.

Significant events during the financial year

On 12 March 2024 we completed our name change to Ziklo Bank – a change that was received very positively by customers and partners alike. The name Ziklo is derived from the Latin word ciclo, which means cycle (of events), and symbolises our ambition to contribute to sustainable transportation.

During the year, Joel Graffman took up his position as the bank's new CEO. In conjunction with this change of leadership, Andreas Bondesson was appointed as Deputy CEO, Johan Linder as Chief Commercial Officer and Håkan Isaksson as CFO, who together with CIO Marianne Moberg, CRO Gunnar Ekeroth, and CPO Linda Pedersen, report to the CEO.

In June 2024, Björn Ingemanson was appointed as the new Chairman of the Board for Ziklo Bank after Urmas Kruusval declined re-election after serving 17 years on the Board of Directors.

During the fourth quarter 2024, Ziklo Bank acquired 8,745 Care By Volvo vehicles valued at SEK 2.7 billion from Volvo Car Sverige. The portfolio consists of lease objects for both private and corporate customers in Sweden.

Information on risks and uncertainty factors

Information on risks and uncertainty factors can be found in Note 2.

Sustainability report

In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, Ziklo Bank has chosen to draw up a sustainability report as part of its annual report. A definition of the statutory sustainability report can be found on page 26.

Volumes / lending

At year-end, there were 200,118 contracts (198,682) in the loan and lease portfolio, an increase of 0.7% from the previous year. The size of vehicle inventories is affected by the new vehicle market for Cars and Trucks in Sweden and sales of second-hand vehicles in the Swedish Volvo dealer network.

The table below shows the bank's market shares in the form of the inflow of contracts relative to new car sales (Volvo/Renault) and sales of used vehicles through the Volvo dealerships.

Penetration, %	2024	2023	2022	2021	2020
New cars	47	44	52	52	51
Used cars	41	39	41	40	38
New trucks	55	53	56	53	52

The figures for new trucks do not include sales through Volvo Truck Center, which is owned by AB Volvo.

The bank's lending, including leases, stood at SEK 49.0 billion (42.5) at year-end, an increase of 15.3% on the previous year. Lending consists mainly of leases, loans, contract credits, dealer inventory credits and credit card credits.

The table below shows the percentage distribution of lending compared with the previous year.

	2024		2023		Change,
	SEK billion	%	SEK billion	%	SEK billion
Sales financing					
– Passenger cars	40.3	82	34.2	81	6.1
– Trucks and Buses	6.5	13	5.9	14	0.6
Inventory credits	0.3	1	0.5	1	-0.2
Credit card credits	1.9	4	1.9	4	0
Total	49.0	100	42.5	100	6.5

Trucks accounted for SEK 6.5 billion (5.9) of lending, equivalent to 13% (14) of the total. Fleet accounted for SEK 13.5 billion (11.7) of lending or 28% (28) and Volvo Card for 4% (5) or SEK 1.9 billion (1.9). The remainder – SEK 27.1 billion (22.9) – is attributable to passenger car financing in business area Cars, which corresponds to 55% (54) of lending.

Credit card credit was a little higher compared to the previous year. Sales via the Volvo Card totalled SEK 17.3 billion (17.6), and during the year 34.1 million (32.3) card purchases were made.

The number of corporate customers for whom CarPay Fleet handles car administration increased during the year. In all, 55,101 cars (51,843) were managed in the programme at year-end.

Profit

The bank's profit after credit losses was SEK 964.7 million (1,020.1), which is SEK 55.4 million or 5% lower year-over-year. The bank's net interest income and net leasing was SEK 63.1 million lower than the previous year, due mainly to a deterioration in the financing margin. The bank's disposal gains from the sale of returned operational leasing vehicles continued to be high. The surplus on sales of these cars is SEK 14.2 million higher than in the previous year.

During 2024, booked changes of accumulated impairment charges increased by SEK 76.4 million, which is SEK 29.6 million lower than last year. As a result of a ruling in a case with the Supreme Administrative Court in the autumn of 2023, the bank has requested that VAT from 2017 and 2018 totalling SEK 43.1 million be reviewed, and this is stated under other operating income. Overhead expenses exceeded the previous year's by SEK 102.4 million, mainly due to increased IT investments as part of the bank's strategic initiatives.

Credit risks and credit losses

Of the bank's total lending for vehicle finance, 68% (68) relates to loans and leases that dealers have transferred or pledged, posting vehicles as collateral through right of repossession or ownership rights. The dealer bears the ultimate risk for these credit contracts if they are called in by the bank.

The bank can incur a loss on these contracts if all of the following events occur:

1. The customer ceases to pay.
2. The vehicle seller lacks the ability to pay.
3. The market value of the recovered vehicle is less than the outstanding contractual debt.

Inventory financing requiring 100% collateral accounts for 0.6% (1.1) of total lending and is secured through floating charges, the unencumbered portion of contract portfolios and sureties received.

The remaining financing, for which no collateral is provided by dealers, accounts for 32% (32), of which 28% (28) refers to sales finance and 4% (5) to credit card credits.

Receivables that are more than 90 days past due totalled SEK 313.4 million (255.1) and consisted of loans and leases of SEK 290.6 million (247.3), of which SEK 287.7 million (244.7) referred to contracts under which the bank has a right of recourse against Volvo dealers, and credit card receivables of SEK 22.8 million (7.8), constituting 1.2% (0.4) of total credit card lending.

The value of credit card receivables, SEK 1.9 billion (1.9), is stated after impairment. The provision represents 1.6% (1.2) of the value of the receivables. Risk exposure to private individuals is limited through a low average debt. At year-end, the average debt per active credit card was SEK 2,772 (3,088).

Raising capital

The bank's principal objectives for raising capital, as defined in its finance policy, are to:

- Secure the necessary loan funding.
- Make sure the bank is able to borrow on the best possible terms.
- Make sure fixed-rate terms on the bank's borrowings match those for lending as closely as possible.
- Make sure liquidity risk is minimised as much as possible.

The bank's financing facilities and borrowing arrangements and drawn portions on 31 December 2024 are shown in the table below.

Nominal amounts in SEK million	Limit	Drawn
Nordic commercial paper programme	8,000	575
MTN programme	20,000	17,898
Short-term financing facilities with banks	3,155	-
Long-term financing facilities with banks	4,152	3,402
	35,307	21,875
Public deposits	-	24,779
Total		46,654

Deposits in the bank's savings account increased by SEK 141 billion in 2024, reaching a total balance of SEK 23.4 billion (23.2) at year-end. Total deposits including the credit balances for card accounts and deposits from retailers sums up to SEK 24.8 billion (24.4) and accounted for 53% (62) of the bank's financing.

The bank's MTN programme allows the issue of both conventional as well as green bonds in SEK, NOK and EUR. In the programme, bonds with a value of SEK 7.1 billion and NOK 700 million were issued during the year, of which green bonds accounted for SEK 3.3 billion of the issued volume.

In May 2024, Standard & Poor's Financial Services LLC (S&P) awarded Ziklo Bank's updated green bond framework its highest rating, Dark green.

Commercial papers relating to short-term borrowing were issued in the amount of SEK 1,225 million during the year. Ziklo Bank's outstanding financing through its market loan programmes, MTN and commercial papers totalled a nominal SEK 18.5 billion (13.5), of which green bonds accounted for SEK 7.8 billion as per 31 December 2024.

In addition to market borrowing and deposits, the bank also finances its activities through bank credits, which totalled SEK 3.4 billion (1.3) at the year-end. The proportion of financing from market loans programmes and the banking sector with remaining maturity of more than one year was 81% (74). In addition to the liquidity reserve, available and unutilised loan facilities totalled SEK 3.8 billion (3.8). The maturity structure for the bank's total financing on 31 December 2024 is shown in the table below.

	SEK million	%
Within 1 year	4,142	19
1–3 years	11,289	52
4–5 years	6,158	28
More than 5 years	286	1
	21,875	100
No terms:		
– Public deposits	24,779	
– Equity (incl. tax portion of untaxed reserves)	8,188	
Total	54,841	

Rating

The 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'.

Events after closing date

No significant events have occurred since closing date.

Outlook

Despite uncertainty in the market in general, the bank has great expectations for the future, in what its digital capabilities can lead to and what the bank can contribute with in mobility. The bank continues to work consistently to digitalise services for all of its customers, an opportunity provided by the bank's continued stable ownership and consistently strong capital base.

Corporate governance report

The bank's primary task is to actively support sales of products marketed by Volvo dealers in the Swedish market by providing product and sales financing with good profitability. Good corporate governance is about making sure, on behalf of shareholders, that the company is managed sustainably, responsibly and as efficiently as possible. As of 2017, the bank has chosen to voluntarily adhere to the Swedish Code of Corporate Governance (the Code) and, based on the prevailing circumstances, has resolved to choose a different solution than that recommended by the Code for the following situations:

Area	Deviation	Reason
Nomination Committee	The Chairman of the Board is the Chairman of the nomination committee and the bank does not provide information on the website about how shareholders can submit proposals to the nomination committee.	There are no minority shareholders, but there are two owners with 50% ownership each, both of whom prefer this solution.
Deputy members of the Board	The Articles of Association allow up to four deputies on the Board.	In view of the bank's focus, complexity and ownership, it has concluded that it would be beneficial to increase the Board of Directors with two deputies to represent each owner.
General meeting of shareholders	The bank has not set a deadline on when a request to address an issue needs to be submitted. Directors or employees of the company can act as keeper or examiner of the minutes at shareholders' meetings.	There are no minority owners. However, there are two owners with a 50% holding each, both of whom have stated that they do not wish to have such a deadline and that the keeper and examiner of the minutes should be elected via a majority vote at the general meeting, without restrictions.

SHAREHOLDERS

The bank was established in 1959 with 50% owned by the Swedish Volvo dealers through their holding company AB Volverkinvest, and 50% by Volvo Personvagnar AB. Share capital totals SEK 400 million, divided into 1,000,000 shares with a quota value of SEK 400. The Board of Directors currently has no authorisation from the AGM to approve the issue of new shares or buy back the company's own shares.

NOMINATION COMMITTEE

The bank must have a nomination committee comprising at least three members. There must be a member representing each of the largest shareholders who wish to appoint one. Members of the nomination committee must be independent in relation to the company and its management. At least one of the members of the nomination committee must be independent in relation to the largest shareholder or group of shareholders in the company involved in the company's management. The nomination committee's term of office extends until a new nomination committee is appointed by the general meeting of shareholders.

If a member wishes to terminate his or her assignment during the term of office, the shareholder represented by that person may appoint a new member to the nomination committee. The Chairman of the nomination committee is appointed by the nomination committee members. Board members may serve on the nomination committee.

The composition of the nomination committee must be based on shareholder statistics as of the last banking day in November, along with other reliable shareholder information that the company has on that date.

If, during the nomination committee's term of office, one or more of the shareholders who appointed members of the nomination committee are no longer the largest shareholders in terms of voting rights, members appointed by those shareholders must make their seats available, and the shareholder(s) who have become the largest shareholders then have the right to appoint their representatives. Unless there are special reasons, no changes may be made to the composition of the nomination committee if only marginal changes in votes have taken place or if the change occurs later than three months prior to the AGM. However, shareholders who are among the largest shareholders as a result of a more substantial change in the number of votes later than three months before the AGM are entitled to appoint a representative for co-option to the nomination committee. Shareholders who have appointed a representative to the nomination committee are entitled to dismiss such a member and appoint a new representative to the nomination committee. Changes in the composition of the nomination committee must be published as soon as they are made.

The nomination committee must prepare proposals on the following items for presentation to the AGM for resolution:

A. proposal for a Chairman for the AGM;
B. proposal for Directors and Deputy Board members to serve on the Board;
C. proposal for Chairman and Deputy Chairman of the Board;
D. proposal on the fees and other remuneration for Board work performed by each Board member; also remuneration for committee work;
E. where applicable, proposals for remuneration to the auditor and election of the auditor;
F. forward information to the company so that it can fulfil its obligation to provide information;
G. to the extent necessary, proposals for amendments to this instruction for the nomination committee.

The nomination committee is responsible for testing the appropriateness of the proposed Board members so that they meet all regulations, both internal and external. When assessing the Board's evaluation and in its proposal of Board members, the nomination committee must pay particular attention to the requirement for versatility and breadth of the Board and strive for gender balance. At the AGM, when the Board and auditor are elected, the nomination committee must present and justify its proposals with consideration given to the composition of the Board.

The nomination must meet all of the obligations required of a nomination committee. If necessary, the bank will cover reasonable costs of external consultants to assist the nomination committee in performing its duties.

Prior to the 2025 Annual General Meeting, the nomination committee consisted of Sten Brandt, representing AB Volverkinvest, Rosmarie Söderbom, representing Volvo Personvagnar AB, and the independent committee member Björn Ingemanson.

ANNUAL GENERAL MEETING

The general meeting of shareholders is the bank's highest decision-making body. The AGM must be held within six months of the end of the financial year to resolve on the adoption of the income statement and balance sheet, along with appropriation of the company's profit. The AGM also resolves on the composition of the bank's Board of Directors, remuneration to the Board and auditors and the election of the external auditor.

Notice to attend the AGM, and also any Extraordinary General Meeting, at which questions relating to an amendment of the Articles of Association will be discussed, must be issued no earlier than six weeks and no later than four weeks before the meeting.

Notice to attend other AGMs must be given no earlier than six weeks and no later than two weeks before the meeting.

The 2024 AGM was held on Tuesday 4 June. The 2025 AGM will be held on Wednesday 4 June at the bank's offices in Gothenburg.

AUDITOR

The AGM appoints the bank's auditor as an independent auditor of the bank's financial statements and the administration of the Board of Directors and the CEO. Öhrlings PricewaterhouseCoopers AB was elected at the 2024 Annual General Meeting with authorised public accountant Helena Kaiser de Carolis as auditor in charge. The auditor has participated in a Board meeting without the presence of the CEO or other members of the bank's management team.

Reporting to the owners takes place at a Board meeting in March, where the auditor presents his audit report.

BOARD OF DIRECTORS

The Board has the overall responsibility of managing the bank's affairs in the interest of both the bank and its shareholders. The Board's responsibilities also include:

- Discussing and making decisions on issues of significant importance and of an overall nature.
- Establishing and monitoring strategies and overall goals having considered the bank's long-term financial interests, the risks to which the bank is exposed or could be exposed and the capital required to cover the bank's risks.
- Continuously evaluating the bank's operational management and, if necessary, appointing or dismissing the CEO and approving significant assignments that the CEO has outside the bank.
- Keeping informed of the bank's development in order to assess its financial situation and financial position.
- Promoting a sustainability perspective for the operation.
- Ensuring that ethical guidelines are established for the conduct of the bank and that the external information is characterised by transparency, objectivity and high relevance for the groups targeted by such information.
- Annually reviewing and approving policies and guidelines relating to the bank's liquidity risk management.

According to the Articles of Association, the Board of Directors must comprise a minimum of five and a maximum of seven elected members with no more than four deputies. Deputies may state an opinion on all matters and have the right to vote when the ordinary Board member is not present. Board members must have sufficient insight and experience to participate in the management of the bank and otherwise be suitable for the task. The current Board consists of seven ordinary members and four deputies.

If the Chairman steps down during the term of office, he or she will be replaced by the vice chairman, otherwise the Board must elect a Chairman from among the members for the period until the end of the next general meeting.

DIVERSITY POLICY

The composition of the Board of Directors must be appropriate for the company's operations, its stage of development and other circumstances, and be characterised by diversity and breadth in terms of the AGM-elected members' skills, experience and background.

To meet these objectives, the bank strives to ensure a broad pool of characteristics and skills, and emphasises that diversity in terms of age, gender, geographic origin, education and professional background are important factors to consider when electing new Board members.

THE WORK OF THE BOARD

The work of the Board is led by the Chairman of the Board, and the work is governed by the rules of procedure under the provisions of the Swedish Companies Act. The rules of procedure and its annexes complement and support the application of the Companies Act and such other laws, regulations and recommendations as the bank is required to apply. The rules of procedure are reviewed annually and updated as required. The updated rules of procedure are submitted for adoption at the first meeting of the Board following the AGM or at another Board meeting if required.

The Board has appointed four committees to deal with issues in their respective fields. The work carried out in the committees is reported regularly to the Board, and must be seen as a way in which to streamline and intensify work in specific areas, without taking over the responsibilities of the Board per se. There is no specific allocation of responsibilities within the Board regarding other work, other than that allocated to the Chairman. Deputy Board members are expected to be present and participate in Board work.

Board work at Ziklo Bank is carried out in accordance with a structure, where four scheduled meetings are held each year, all preceded by meetings of the committees. Otherwise, the Board meets as necessary when summoned by the Chairman. A strategy meeting is held each year, when more in-depth discussions are conducted to further develop the bank. The Board held seven meetings in 2024. The work included a strategy conference, adoption of the budget for 2025, sustainability strategies, ongoing monitoring of earnings and position, and the management of strategy and development issues.

EVALUATION OF THE BOARD

An evaluation of the work of the Board is carried out annually aimed at developing the Board's working methods and efficiency. Board members respond to a questionnaire regarding such things as the composition of the Board, Board material contents and scope, presentations at meetings and the content and quality of the Board meetings. Particular attention is paid to the work done by the CEO and Chairman of the Board. The report is prepared and presented to the Board, and dealt with by the nomination committee. The conclusions from the 2024 evaluation are that the composition of the Board regarding skills and experience is well balanced in relation to the diversity policy, as well as the current and future needs of the business.

BOARD COMMITTEES

The Board of Directors must appoint at least two members to serve on the Board's committees for credit, audit and risk, remuneration and IT. Prior to a scheduled Board meeting, and ongoing as necessary, the members of each committee meet to discuss and prepare current matters prior to a resolution by the Board. The committees report on issues discussed at the subsequent Board meeting. The members of the committees must hold open discussions, in which different opinions are discussed constructively. The tasks of the various committees are described below.

- *The Credit committee* is a preparatory body which drafts matters for consideration and submits recommendations on credit decisions to the Board of Directors.
- *The Audit and Risk committee* is a preparatory body that monitors financial reporting, internal control, auditing and the risk management system. The Audit and Risk committee must stay informed of the audit, review and monitor the auditor's independence and impartiality and assist the nomination committee in preparing proposals for the election of the auditors. Also, the committee must recommend to the Board any other services the bank should engage the auditors for.
- The Remuneration committee is responsible for preparing significant decisions on remuneration and for deciding on measures for monitoring the application of the bank's remuneration policy.
- The IT committee is a preparatory body that monitors IT security in the light of security requirements in the IT area. It is responsible for making recommendations to the Board on security issues.

REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the Board and committees is proposed by the nomination committee and is adopted by the general meeting of shareholders. Information on fees for 2024 is provided in Note 12.

Introduction

Introduction

Board of Directors

Björn Ingemanson

Chair

Born: 1958
Elected: 2024

Committee: Credit, Audit and Risk, Remuneration and IT committees

Education: Gothenburg School of Business, Economics and Law

Other significant assignments: Chairman of the Board of Zipwake AB.
Member of the board of the Swedish Exhibition & Congress Centre/Gothia Towers and Allgon AB.

Previous senior positions: Marketing Director Volvo Cars Japan, CEO AB Volvofinans, Head of European Operations Volvo Financial Services. CFO Volvo Trucks, Division Manager International Division Volvo Trucks and CEO Volvo Penta.

Relationship to the company and its management: Independent

Relationship to the bank's owners: Independent

Shareholding in the bank: –

Participation in Board meetings: 5/7

Participation in Credit committee meetings: 2/5

Participation in Audit and Risk committee meetings: 5/8

Participation in Remuneration committee meetings: 3/4

Participation in IT committee meetings: 4/5

Synnöve Trygg

Vice chair

Born: 1959
Elected: 2014

Committee: Credit, Audit and Risk, and IT committees

Education: MBA, Stockholm University

Other significant assignments: Member of the boards of SBAB Bank AB and AB Svenska Säkerställda obligationer, SCAB AB.

Previous senior positions: Member of the boards of Landshypotek Bank AB, Intrum Justitia AB, Trygg Hansa AB, MasterCard Europé, Diners Club International, Nordax Bank AB, Wrapp AB and Precise Biometrics AB. CEO at SEB Kort AB, Eurocard AB and Diners Club Nordic AB.

Relationship to the company and its management: Independent

Relationship to the bank's owners: Independent

Shareholding in the bank: –

Participation in Board meetings: 7/7

Participation in Credit committee meetings: 5/5

Participation in Audit and Risk committee meetings: 7/8

Participation in Remuneration committee meetings: –

Participation in IT committee meetings: 5/5

Per Avander

Member

Born: 1961
Elected: 2012

Committee: Credit, Audit and Risk and Remuneration committees

Education: High school economic studies

Other significant assignments: CEO, AB Bilia. Chairman of the boards of Bilia Personbilar AB, Bilia Personvogner AS, Bilia Personbil AS, Bilia Emond Holding in Luxembourg and Belgium, and Verstraeten Belgien. Also a member of the board of Svenskt Näringsliv.

Previous senior positions: Banker at Svenska Handelsbanken, Head of Sales at Scaniabilar and Head of Sales and Marketing Bilforum, Gothenburg and Värmlands Bil. CEO of Din Bil, Gothenburg and Stockholm. Regional Director Bilia Personbilar Stockholm, Deputy CEO Bilia Personbilar AB, Sweden, CEO Bilia Personbilar AB Sweden.

Relationship to the company and its management: Independent

Relationship to the bank's owners: Not independent

Shareholding in the bank: –

Participation in Board meetings: 7/7

Participation in Credit committee meetings: 5/5

Participation in Audit and Risk committee meetings: 7/8

Participation in Remuneration committee meetings: 4/4

Participation in IT committee meetings: –

Johan Ekdahl

Member

Born: 1975
Elected: 2020

Committee: Credit, Audit and Risk and Remuneration committees

Education: M.Sc. in Business and Economics, Gothenburg School of Business, Economics and Law

Other significant assignments: Chief Financial Officer Volvo Car Group.

Previous senior positions: Vice President and Head of Consolidated Accounts Volvo Car Group, Head of Accounting Governance, Volvo Cars, Authorised Public Accountant (EY).

Relationship to the company and its management: Independent

Relationship to the bank's owners: Not independent

Shareholding in the bank: –

Participation in Board meetings: 6/7

Participation in Credit committee meetings: 3/5

Participation in Audit and Risk committee meetings: 8/8

Participation in Remuneration committee meetings: 4/4

Participation in IT committee meetings: –

Introduction

Board (cont.)

Ann Hellenius

Member

Born: 1974
Elected: 2017

Committee: IT committee

Education: M.Sc. in Business and Economics, Linköping University, University of Bath

Other significant assignments: Managing Director Capgemini Invent Sweden, Denmark and Finland. Member of the boards of Synsam and HSB Affärsstöd.

Previous senior positions: CIO Scandic Hotels, CIO Bankgirot, CIO City of Stockholm, CEO and founder of Solvitur AB, Manager Ernst & Young Management Consulting, Strategy Consultant at Cambridge Strategic Management Group.

Relationship to the company and its management: Independent

Relationship to the bank's owners: Independent

Shareholding in the bank: –

Participation in Board meetings: 7/7

Participation in Credit committee meetings: –

Participation in Audit and Risk committee meetings: –

Participation in Remuneration committee meetings: –

Participation in IT committee meetings: 5/5

Jessica Span

Member

Born: 1971
Elected: 2023

Committee: IT committee

Education: M.Sc. in Business and Economics, University West

Other significant assignments: CEO Volvo Car Sverige, Chairman of the Board of Swedish Hertz and member of the board of World Childhood Foundation.

Previous senior positions: CEO of Volvo Bil AB and Sales Director at Volvo Car Sverige.

Relationship to the company and its management: Independent

Relationship to the bank's owners: Not independent

Shareholding in the bank: –

Participation in Board meetings: 5/7

Participation in Credit committee meetings: –

Participation in Audit and Risk committee meetings: –

Participation in Remuneration committee meetings: –

Participation in IT committee meetings: 5/5

Björn Rentzhog

Member

Born: 1969
Elected: 2016

Committee: –

Education: M.Sc. in Business and Economics, Mid Sweden University, Östersund

Other significant assignments: CEO/President AB Persson Invest. Chairman of the boards of Bilbolaget Nord AB, Valbo Trä AB, Wist Last & Buss AB, Wist Last & Buss AS, Östersunds Lastbilsservice AB, NHP Sverige AB, Intakt AB and a number of property companies. Member of the boards of AB Persson Invest, Persson Invest Skog AB, Bilinorr, Persson & Co AB. JP Vind AB, Mullbergs Vindpark AB, Hocksjön Vind AB.

Previous senior positions: CEO and Controller at Wist Last & Buss AB, CFO at Samhall Midland AB and Auditor at Deloitte AB.

Relationship to the company and its management: Independent

Relationship to the bank's owners: Not independent

Shareholding in the bank: –

Participation in Board meetings: 7/7

Participation in Credit committee meetings: –

Participation in Audit and Risk committee meetings: –

Participation in Remuneration committee meetings: –

Participation in IT committee meetings: –

Anna Wibring

Deputy

Born: 1980
Elected: 2022

Committee: –

Education: Master of Science in Engineering, Chalmers University of Technology.
M.Sc. in Business and Economics, Gothenburg School of Business, Economics and Law.

Other significant assignments: Head of Governance, Risk & Compliance at Volvo Cars.

Previous senior positions: VD Volvo Car Pension Management AB. CEO, VCG Investment Management AB.

Relationship to the company and its management: Independent

Relationship to the bank's owners: Not independent

Shareholding in the bank: –

Participation in Board meetings: 6/7

Participation in Credit committee meetings: –

Participation in Audit and Risk committee meetings: –

Participation in Remuneration committee meetings: –

Participation in IT committee meetings: –

Introduction

Board (cont.)

Jonas Estéen

Deputy

Born: 1971
Elected: 2019

Committee: –

Education: M.Sc. in Business and Economics, Mid Sweden University, Östersund PhD student, Research Training Programme, Jönköping International Business School

Other significant assignments: Owner of Finnbäcken Invest AB, CEO and member of the boards of Bilkompaniet Dalarna AB and Bilkompaniet Gävleborg AB. Chairman of Vasaloppet, the Mora branch of Svenska Handelsbanken and Nils Olsson Dalahästar AB. Member of the board of AB Volverkinvest.

Previous senior positions: Chairman of Siljans Chark AB, member of the boards of Mora Hotell, Igrene AB (publ) and other small and medium-sized companies in Dalarna.

Relationship to the company and its management: Independent

Relationship to the bank's owners: Not independent

Shareholding in the bank: –

Participation in Board meetings: 7/7

Participation in Credit committee meetings: –

Participation in Audit and Risk committee meetings: –

Participation in Remuneration committee meetings: –

Participation in IT committee meetings: –

Johan Ahlberg

Deputy

Born: 1965
Elected: 2021

Committee: IT committee

Education: Technical college graduate, 4-year telecoms course, Sven Erikson College Borås. Military service I16 Halmstad. Volvo Business School IHM Gothenburg

Other significant assignments: CEO Johan Ahlberg Bil AB. Owner Johan Ahlberg Holding. Chairman of the boards of Volvohandlarnas Service AB, Volvohandlarföreningen ek. för., Volvohandlarnas Fordonsförening ek. för. and AB Volverkinvest. Member of the boards of Johan Ahlberg Holding, Johan Ahlberg Bil AB.

Previous senior positions: –

Relationship to the company and its management: Independent

Relationship to the bank's owners: Not independent

Shareholding in the bank: –

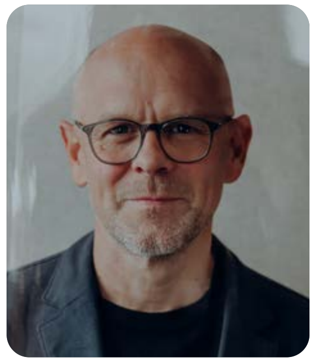
Participation in Board meetings: 7/7

Participation in Credit committee meetings: –

Participation in Audit and Risk committee meetings: –

Participation in Remuneration committee meetings: –

Participation in IT committee meetings: 5/5



Oscar Bertilsson Olsborg

Deputy

Born: 1977
Elected: 2024

Committee: –

Education: Master's degree, Gothenburg School of Business, Economics and Law

Other significant assignments: Head of Commercial Operations Volvo Cars. Chairman of the board of Volco Car Retail. Member of the board of World of Volvo.

Previous senior positions: CFO Volvo Cars Americas Region, CFO Volvo Cars China, Head of Retail Operations Volvo Cars, Head of Strategy and Operations Care By Volvo, Head of Product Strategy and Car program Finance Volvo Cars.

Relationship to the company and its management: Independent

Relationship to the bank's owners: Not independent

Shareholding in the bank: –

Participation in Board meetings: 6/7

Participation in Credit committee meetings: –

Participation in Audit and Risk committee meetings: –

Participation in Remuneration committee meetings: –

Participation in IT committee meetings: –

Joel Graffman

CEO of Ziklo Bank AB since 2024

Born: 1980

Education: Studies in Business Administration at Linnaeus University. SwedSec licens

Other significant assignments: Advisory Board Member, Hubins AB.

Previous senior positions: –

Shareholding in the bank: –

CEO and Management team

The CEO is responsible for the bank's ongoing management and performs this task in compliance with the applicable laws and regulations, the Articles of Association, the Board's rules of procedure, the Board's instructions for the CEO and other important instructions issued by the Board. At least once a year, the Board must carry out a special evaluation of the work performed by the CEO; no members of company management may participate in this evaluation.

The CEO is responsible for issuing notices to attend Board meetings. An agenda describing the nature and scope of each item is enclosed with the notice to attend the meeting. Board meeting materials are distributed about one week before the meeting and contain written documentation and comments on the matters to be addressed. In this way, Board members are apprised of the items to be covered and their scope, and are given the opportunity to prepare and set aside time for reading the background information. Minutes containing a brief description of discussions, measures and resolutions are taken at each meeting. Also, the CEO has to provide the Board with current and illustrative information about the bank's operations and development to allow the Board to make informed decisions.

The bank's management team consists of 7 people – the CEO, Deputy CEO, CIO, CFO, CCO, CRO and the CPO. The group meets regularly to discuss strategy issues having to do with marketing, finance, business development and resource allocation. The management team is responsible for overall planning of the bank's operations.

Information on the bank's remuneration policy is provided in the Remuneration section.

Internal control over financial reporting

In managing money belonging to its customers, suppliers and business partners, the bank has specific responsibilities. Due to the large number of transactions, even minor errors can have significant financial consequences. The bank therefore focuses keenly on good internal control and on quality and security issues in all functions, routinely engaging personnel from all departments in this work. Internal control can be divided into:

- Administrative controls – to promote efficiency and make sure the bank's resources are managed in accordance with the intentions of the Board and CEO.
- Accounting controls – to ensure correct and complete accounting.

To make sure the bank has effective risk management and good internal governance and controls, it works using a model with three lines of defence. The first line of defence comprises the operations within each area which, in addition to being responsible for their own operation, are responsible for carrying out risk workshops, reporting and managing risks and violations of regulations, and writing and implementing policies, instructions and guidelines adapted to the bank's operations. The first line of defence is also responsible for developing and following up control measures designed to ensure that operations are managed in compliance with applicable guidelines.

The second line of defence consists of the Risk Control and Compliance functions, which are tasked with carrying out independent risk and compliance reviews and supervising the first line of defence. The bank's Risk Control function is responsible for ongoing monitoring of risks and risk management and is tasked with making proposals for improvements to risk management procedures, risk policies, instructions and reports. The function is also responsible for the design, implementation, reliability and follow-up of the bank's internal risk classification system. Compliance is a support function that makes sure the bank operates in accordance with applicable laws, regulations and internal rules, as well as best practices and standards. The second line of defence also includes supporting tasks such as training, workshops and information, and providing advice to other departments.

The third line of defence is the Internal audit, which carries out an annual independent review and supervision of the work of both the first and second lines of defence. The Internal audit function, which operates independently of the operations and on behalf of the Board, is tasked with assisting the Board and management in objectively evaluating the bank's control systems, compliance with internal and external rules, and the efficacy of internal control. When errors and shortcomings have been identified, the Internal audit must propose improvements and evaluate the efficiency and security of the business processes and help the organisation meet its goals. The function reports directly to the bank's Board of Directors. In 2024, the internal audit was carried out by Deloitte and covered AML, IRB and ILAAP processes as well as the deposit and remunerations system.

Control environment

The internal control framework for financial reporting consists of the bank's directives, guidelines and instructions, together with a structure of responsibilities and authorities designed to suit the bank's organisation with the aim of creating and maintaining a satisfactory control environment. Principles for internal control are contained in the bank's IQ manual, and directives and guidelines for financial reporting are contained in the bank's various manuals.

The company culture that has been established and in which managers and employees work is fundamental to the control environment. The bank actively communicates with employees and informs them about its core values, as set forth in the bank's ethical guidelines policy. The entire organisation must be characterised by good morals, ethics and integrity.

Risk assessment

Risks related to financial reporting are assessed and monitored by the Board. The assessment of the risk that errors will occur in financial reporting is based on a number of criteria. For example, complex accounting policies may create a risk of incorrect financial reporting in respect of such items as are covered by the policies. The measurement of a certain asset or liability on the basis of different assessment criteria can also constitute a risk. The same applies to complex and/or changed business conditions.

Control activities

The Board and management team constitute the bank's top-level control bodies. Multiple control activities are applied in the bank's day-to-day business process to make sure any errors or deviations in financial reporting are prevented, detected and corrected. Control activities cover everything from the review of outcomes at management meetings to the reconciliation of specific accounts and analyses in ongoing financial reporting processes. The management team is tasked with making sure the bank's control activities for financial processes are appropriate and in line with the bank's guidelines and instructions. Management must also make sure authority structures are designed so as to prevent the same individual from performing an activity and then verifying the selfsame activity. Control activities in IT security and maintenance are another essential part of the bank's internal control over financial reporting.

Information & communication

Guidelines and instructions for financial reporting are updated and communicated by management on an ongoing basis.

Follow-up and monitoring

Responsibility for ongoing follow-up rests with the management team and accounts department. Furthermore, the Internal Audit, Risk Control and Compliance functions also follow up and monitor operations. The outcomes of evaluation activities are reported to management and the Board.

Sustainability report

Sustainability report

The bank has been developing financial services and enabling transport for all customers for more than 60 years. Ziklo Bank intends to accelerate the transition toward tomorrow's mobility while focusing on sustainability. By creating smart solutions in close collaboration with partners, the bank can develop mobility that makes best use of resources. It's all about speeding up the switch to cleaner cars, finding alternative types of transport and making sure vehicles are used longer and by more people. Ziklo Bank's overarching goal is the reduction of average CO2 emissions from vehicles in the bank's portfolio by 30% by 2025, and by 70% by 2030, with 2020 as base year. In 2024, the bank was already below its 2025 interim target. The bank has a social responsibility toward society, customers and employees. The bank's credit granting process must be sound, responsible and with a low level of risk, which is reflected in the bank's very low credit losses. All of our employees should enjoy good employment terms, a safe work environment and be treated equally. As a bank, the high standards demanded of us require operations to be conducted responsibly and transparently. The bank works proactively with cybersecurity, compliance and countering crime in the form of money laundering, bribery and corruption. The bank must develop products with a focus on sustainability, where the latter is incorporated in all new products, as a requirement of the bank's approval process.

Business model

The bank has a unique business model for the industry, whereby vehicle dealers – following creditworthiness assessment – sell and finance vehicles to the customer and then transfer the contract to Ziklo Bank with collateral in the item. The dealers bear the credit risk, while Ziklo Bank borrows on the market, thus providing the dealers with access to the financial markets. The bank finances the dealers' loans and leases. The bank's business model also includes card operations aimed at both private and corporate customers in addition to vehicle financing. In business area Fleet, the bank acts as an advisor to the customer regarding vehicle choices and the design of vehicle policies. For further information on Ziklo Bank's business model and segments, refer to the Directors' Report and Note 4.

> "By creating smart solutions in close collaboration with partners, the bank can develop mobility that makes best use of resources."

Policy

The bank's sustainability policy seeks to create a common approach within the organisation in respect of sustainability issues, and to guide sustainability efforts. For the bank, sustainability constitutes a responsibility toward its customers, partners, employees, society and the environment. Our basic strategy involves combining business benefit with being a healthy operator in a healthy market. The policy is divided into four areas: economy, ecology, social sustainability and responsible corporate governance. It is supplemented with the company's other policies covering anti-money laundering, credit, bribery and anti-corruption, and personnel.

- Ecological sustainability – as far as technically feasible and financially reasonable, Ziklo must take long-term environmental responsibility aimed at reducing its ecological footprint.
- Social sustainability – Ziklo must strive to be a healthy operator in a healthy market and be perceived as a modern, attractive employer that takes both internal and external responsibility.
- Financial sustainability – safeguarding a sustainable business enterprise requires financial strength.
- Responsible corporate governance – the operation must be run responsibly in order to safeguard long-term profitability and maintain trust.

Organisation

The Board and the CEO have overall responsibility for sustainability work. The sustainability manager is responsible for coordinating, supporting and regularly monitoring the bank's sustainability work and reporting outcomes to company management. The sustainability manager is represented in the bank's management team. The bank has a sustainability forum where representatives from different business areas meet and exchange knowledge about trends in sustainability and tomorrow's marketplace. The aim of the forum is to agree on the bank's short and long-term goals and follow them up, and also to create a common understanding of how the bank as an organisation should work with sustainability moving forward. The sustainability forum includes employees from the first and second lines of defence, leading representatives from the different business areas, the Treasury, HR, Strategy and Risk management, all of whom work with the bank's daily operations, control and compliance. The CEO and CFO are also members. All of the bank's employees undergo sustainability training every year.

Guidelines

Growing concern about climate change among the nations of the world led to the creation of the Paris Agreement, which came into force in 2016. The Paris Agreement is a worldwide climate agreement aimed at limiting global temperature rises and supporting those affected by climate change. The main objective of the agreement is to keep the global temperature increase well below 2 degrees Celsius, but while striving to limit it to 1.5 degrees compared to pre-industrial levels. This will be achieved primarily by reducing greenhouse gas emissions. Ziklo Bank intends to accelerate the transition to sustainable, accessible mobility in society and has set targets for the reduction of CO2 emissions from vehicles in the financed fleet in line with the Paris Agreement's goals and Sweden's climate goals. In 2015, UN member states adopted Agenda 2030, which includes 17 goals aimed at abolishing extreme poverty, reducing inequality and injustice and solving the climate emergency. Ziklo Bank has chosen to prioritise four of the global sustainability goals (UN SDGs) that are especially relevant and important for the bank's operations. The goals are Good health and well-being (3), Gender equality (5), Sustainable cities and communities (11) and Climate action (13). The bank's business strategies must be designed to contribute to the priority sustainability targets.

The bank has voluntarily chosen to abide by the Financial Stability Board's framework Task Force on Climate-related Financial Disclosures (TCFD) in order to determine the risks considered most apt from a climate-related risk perspective. The TCFD report is published on the bank's website.

The first draft of a materiality analysis was made at the end of 2022 to identify the areas where the bank has a material sustainability impact. The work consisted of external analyses and interviews with various key individuals at the bank. In 2024, the bank carried out its first double materiality analysis (DMA) in line with CSRD to chart the bank's impact from a material and financial perspective; see page 48 for further information on the implementation and outcomes of the double materiality analysis.

EU taxonomy regulation

The EU has created a uniform classification system, known as the EU taxonomy, for environmentally sustainable financial activities. The taxonomy regulation seeks to help investors identify environmentally sustainable investments. The regulation will come into force in stages. Ziklo Bank is currently not subject to the disclosure requirements under the EU's taxonomy regulation but has voluntarily chosen to report the extent to which the bank's operation is linked to environmentally sustainable financial activities. Reporting and the quality of data will be developed over time.

Assets	The proportion of total assets, %
Exposures to financial activities covered by the taxonomy	32
Exposures to financial activities not covered by the taxonomy	8
Exposures to states, central banks and supranational issuing bodies	6
Derivatives	0
Exposures to companies not covered by NFRD[1]	52
Trading portfolio	-
Interbank loan on demand	-

[1] NFRD = the EU directive on non-financial reporting that includes requirements for sustainability reporting for certain major companies with more than 500 employees.

EXPOSURES TO FINANCIAL ACTIVITIES COVERED BY THE TAXONOMY

The majority of the bank's assets consist of vehicle financing for private individuals and businesses. Lending related to the bank's vehicle financing for passenger cars, camper vans, light vans, trucks and buses is covered by the criteria defined in the taxonomy regulation. This item includes exposure to NFRD companies and households in terms of vehicle financing; the information is based on internal data..

EXPOSURES TO FINANCIAL ACTIVITIES NOT COVERED BY THE TAXONOMY

This category includes the remaining items for lending in addition to the above vehicle financing and other financial assets not covered by the criteria defined in the taxonomy regulation. This item includes the exposure to NFRD companies and households; the information is based on internal data.

EXPOSURES TO COMPANIES NOT COVERED BY NFRD

Exposures to non-NFRD companies must be reported; most of the bank's corporate customers are defined as non-NFRD companies. Under this category, the bank reports exposure to companies not covered by the NFRD; the information is based on internal data.

THE BANK'S SUSTAINABILITY WORK AND TAXONOMY-ALIGNED ACTIVITIES

The bank will continue to work for environmentally sustainable operations that are in line with the taxonomy regulation. Ziklo Bank's overarching goal is the reduction of average CO2 emissions from vehicles in the bank's portfolio by 70% by 2030, with 2020 as base year. Every fossil-fuelled vehicle that is replaced with a rechargeable one reduces the CO2 emissions of the bank's financed fleet. To ensure the bank's operations are environmentally sustainable in accordance with the taxonomy, the bank prioritises actions that accelerate the transition to sustainable mobility in society.

At the end of the year, Ziklo Bank donated money to UNHCR. A UN organisation that helps people fleeing from war and conflict, the organisation is often the first to arrive on scene in acute crises, and stays for as long as necessary. Everyone at Ziklo Bank thinks this is incredibly important!

"Our report spotlights the latest trends and challenges in the future of mobility. With a focus on EVs, charging infrastructure and future-proofed mobility, the report presents data that provides a clear picture of where we stand today, and what it will take to meet tomorrow's challenges.

Among other things, research shows that people who do not own EVs consider them expensive and struggle with range anxiety, while people who have actually switched to EVs do not perceive range to be a problem and often see a lower total cost of ownership (TCO) due to lower operating and maintenance costs. Tongue-in-cheek, one might say that range anxiety and the perceived high EV prices could be 'cured' by actually owning an EV."

3 GOD HÄLSA OCH VÄLBEFINNANDE

The UN's global sustainability goals

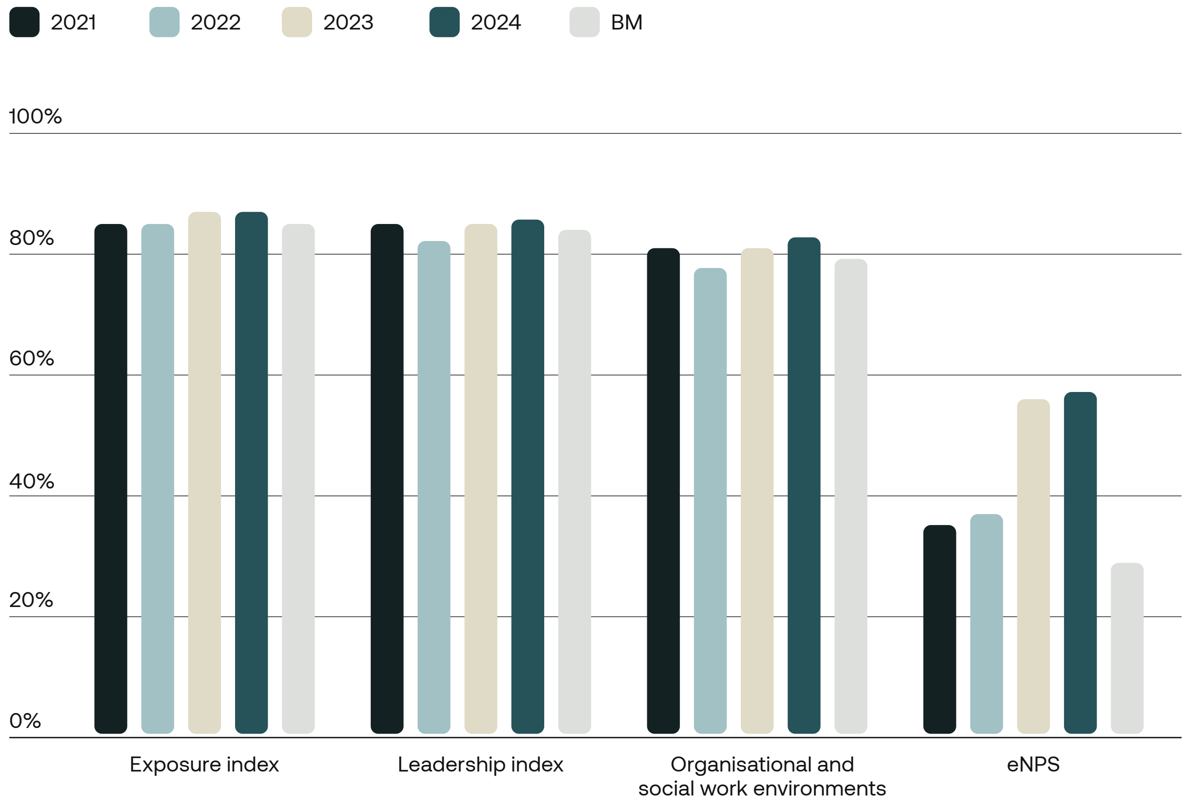
Good health and well-being are basic conditions for the ability of people to reach their full potential and contribute to society. To help achieve these goals, Ziklo Bank constantly strives to promote occupational health and safety. The bank ensures satisfactory work environments that do not expose employees to ill health. The aim of health and safety work is to create physically, mentally and socially sound workplaces where employees are happy in their work and are able to influence it and develop. Its personnel are the bank's most important resource, and a good working environment is essential for good performance and personal development, which in turn are crucial factors for the bank's continued success.

It is important that the bank's employees have a good balance between their private life and their working life. All employees are offered the opportunity for flexitime, remote working and reduced working hours, i.e. time off with pay.

Health is one of the bank's focus areas. Over the years, the bank has taken various measures to enable healthy activities that focus on breaking sedentary behaviour among its employees, and to provide them with a broad spectrum of health-promoting tools to improve wellness, no matter how their lives appear. Because there is no single solution to suit everyone, the health initiative included diet, rest, exercise, movement and mental training. There are numerous videos and tips about WFH ergonomics on the bank's intranet. Every year, employees compete in the Vasaloppet relay ski race, and four teams from the bank took part in 2023. The bank offers wellness grants, massages, occupational health care and computer monitor spectacles to all employees every year. Also, all employees have the opportunity to lease personnel bicycles, partly to encourage them to take daily exercise and enjoy better health, and partly to help reduce the bank's total CO2 emissions and its environmental impact. Breakfast lectures for employees are also held at the bank's offices, the most recent of which focused on health, personal finances and pension advice.

Because the employee experience is just as important for the bank as the customer experience, an annual survey is conducted to assess how employees see such things as the work climate, commitment, leadership and how attractive the bank is as an employer.

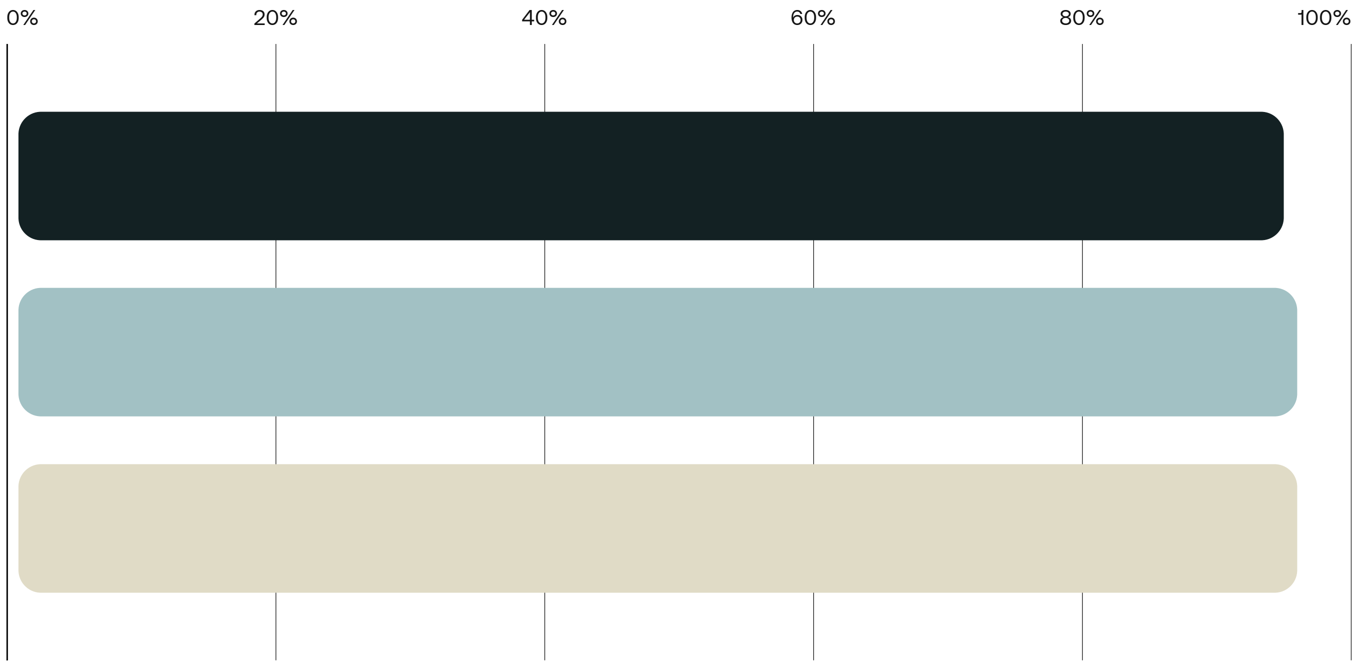
Ziklo Bank has a cooperation agreement with Ljung & Sjöberg AB, a private education and health care company specialising in drug abuse problems in the workplace. Alcohol, drug and gambling problems constitute one of the major public health challenges of our time. Therefore the bank seeks to raise awareness about abuse, contribute to an open dialogue about abuse problems in the workplace and make sure all of its employees are aware of the opportunities for help. Through its diligent, long-term work, the bank has met the requirements for certification as a Proactive Workplace for the second year in a row (2023 and 2024).



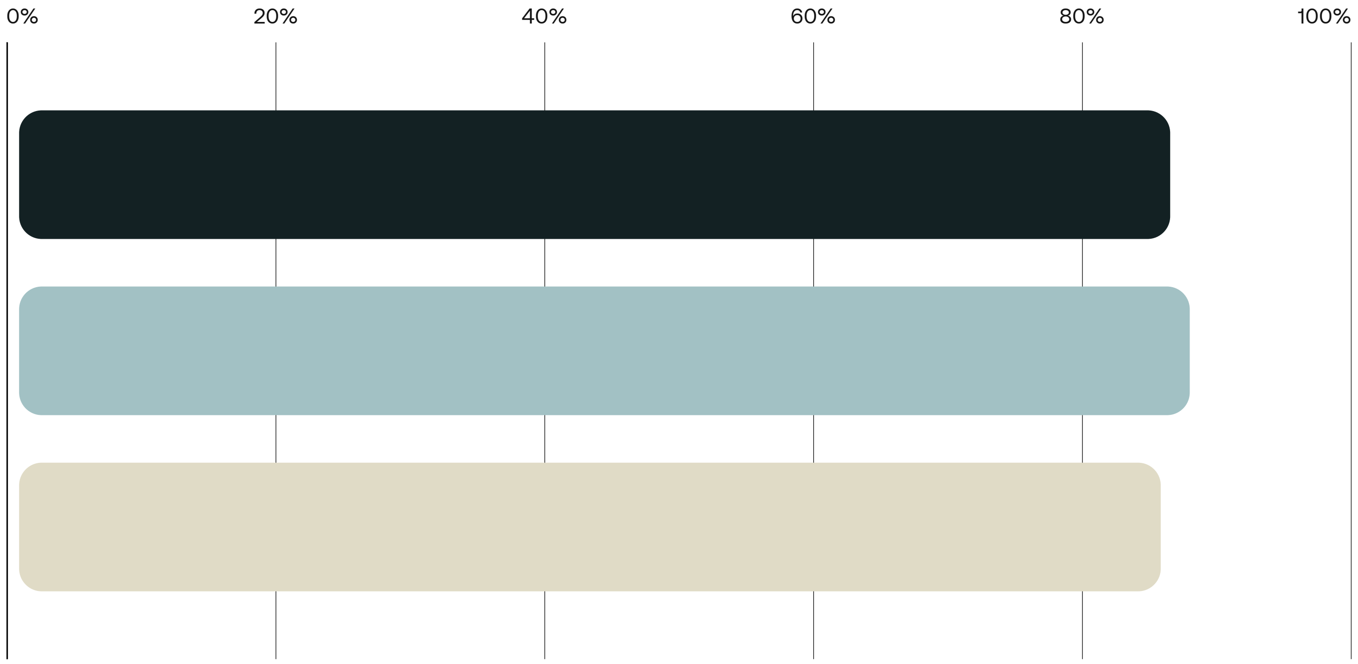
BM = Benchmark, which is based on the outcomes from just over 600,000 responses from more than 250 organisations (Nordic and international)

eNPS = Attractive employer (employee net promoter score), based on the employee survey

Employees who responded that they have not been subjected to victimisation (harassment, discrimination or sexual harassment) at work in the past 12 months.



Employees who responded that they were free to express their opinion in their team.



2023 2024 BM, high performing top 25

> “Our business should reflect the diversity of society as diversity creates a more stimulating workplace and helps the bank better understand its customers.”

While gender equality is one of Ziklo Bank’s goals, it is also essential for a sustainable, inclusive and attractive workplace. To help achieve this goal, the bank must work diligently to make sure all employees are given the same opportunities and rights to develop their full potential, regardless of gender. As an employer, the bank’s social responsibility means that e.g. all employees must enjoy good employment conditions, a safe work environment and be treated equally regardless of gender, gender identity, ethnicity, religion, functional variation, sexual orientation or age. Work on equal conditions and a good, safe work environment is carried out systematically throughout the operation.
Ziklo Bank feels that people with diverse backgrounds, experiences and qualities enrich our business culture and are thus an essential factor in creating a successful organisation. Our business should reflect the diversity of society as diversity creates a more stimulating workplace and helps the bank better understand its customers. Work on gender equality and inclusion must form a natural, integrated part of the bank’s overall operation.

Working conditions in both the physical and psychosocial work environments must be suitable for all employees. In line with personal policy, the bank helps all employees combine work and parenthood. The bank works to promote gender balance in its various positions and teams through education, skills development and other proactive measures. In the case of new employees, the bank must make extra efforts to increase equality and diversity. The bank must make sure there are established guidelines for improvement, and that the process is equitable with total transparency regarding vacant positions; final candidates should be of different sexes and representatives from different sexes should participate in or lead the recruitment process. Internal recruitment is followed up to make sure there is no gender bias. It is important that the same principles be applied for setting rates of pay for women and men; unreasonable pay differentials may not occur. Annual pay surveys are carried out to identify possible differences, and these are addressed at the annual salary review.

Ziklo Bank has zero tolerance for any form of victimisation, discrimination and harassment. In this year’s employee survey, 96% (95) responded that they were not subject to victimisation (harassment, discrimination or sexual harassment) at work during the year, while 87% (86) affirmed that they can freely express their opinion in the team.

Work on equal, inclusive workplaces is a focus area for the bank. Among other things, the bank has free feminine care at both offices, it has drawn up guidelines for an inclusive meeting culture, and every year personnel from HR meet various groups, managers and employees alike, to discuss equality, inclusion and prejudice. For the past year, the bank’s employees have been able to listen to Monika Björn’s lecture “Staying strong through the menopause” and Elaine Eksvärd’s lecture on the Domination Technique in working life. Our focus on gender equality and inclusion will continue in our annual performance reviews where these aspects are specific topics for discussion. There were changes to the composition of the bank’s Board and management team during the year; both the Board and management team have the same gender balance as the previous year. The sustainability forum follows up the bank’s ambitious gender equality goals. Of the responses to the question ”Does the bank provide the same opportunities for all employees regardless of gender” in this year’s employee survey, 87% (86) were positive, which was better than the benchmark 78% (84) in the 25 best companies, and even better than the 84% (75) benchmark in the financial industry.

The bank intends to accelerate the transition to sustainable mobility in society and in doing so assume its responsibility in the transition to a fossil-free Sweden. Sustainable mobility is a broad term and includes much more than just resource-efficient, climate-smart transportation and reduced emissions. By sustainable, the bank also means mobility that is accessible, convenient and adapted to suit the needs of people and their expectations, and a smart, safe customer experience. The ambition is to focus development activities to services that can encourage and help customers make sustainable choices. By enabling the financing of fossil-free alternatives, the bank can speed up the switch to cleaner vehicles. The bank also opens the door to more types of vehicle and transport alternatives, while reviewing the possibility of making vehicles available to more people over longer life cycles. The electrification of vehicles means the bank can see a clear link between the energy and mobility industries, and it will continue to support customers as the source of motive power in the form of vehicle charging relocates increasingly to drivers' homes and workplaces. Ziklo Bank will continue to prioritise initiatives that accelerate the transition to efficient, fossil-free mobility in society.

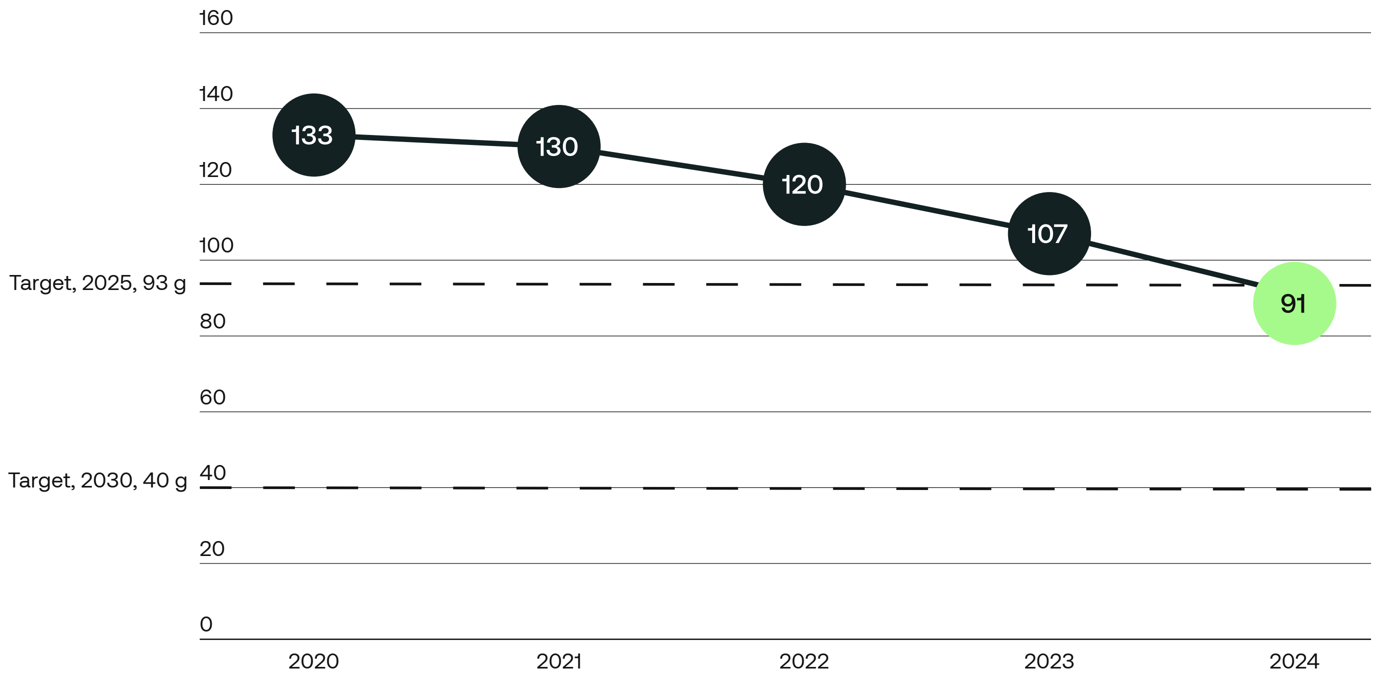
All customers who pay for vehicle charging using the CarPay card now earn double points, and they can also redeem these points and use them for vehicle charging. The bank conducted a campaign during the year together with the Rulla car-sharing service where all new CarPay customers at Rulla received SEK 500 to use for travel in 2024. During the year, customers who used their CarPay cards to pay for their public transport or train tickets received a double bonus, redeemable when paying for public transport and train tickets.

Sustainability report

Climate change is one of the greatest challenges of our time. As far as technically feasible and financially reasonable, the bank must take long-term environmental responsibility and reduce its ecological footprint. Because the bank's business is the financing of vehicles which are largely driven by fossil fuels, it intends to help accelerate the switch to cleaner alternatives. Earlier regulatory instruments in the vehicle industry such as Bonus Malus were aimed at driving the transition to rechargeable vehicles. According to Mobility Sweden, 2024 was a poor year for vehicle sales with increased emissions, but things are looking a little brighter in 2025, when electrification is expected to pick up speed again. The poor year may be due to the prevailing recession that has hit Swedish households and companies hard, as well as the abolition of the climate bonus in 2022 and the drop in the emission reduction mandate for diesel and petrol as of 1 January 2024. Despite 2024 being the year when the EV market stopped growing, the industry still has faith in the future and its ability to transition to a fossil-free vehicle fleet over time. Technological solutions drive change and are an important factor for reducing dependence on fossil fuels. Rechargeable EVs are rapidly gaining in popularity – both fully electric vehicles with no internal combustion engine and plug-in hybrids, which have an internal combustion engine but which are able to run on battery power alone. Such vehicles are charged from a grid which in Sweden transmits electricity from sources that generate relatively few CO2 emissions. Thus Sweden's emissions are reduced every time a fossil-fuelled vehicle is replaced by a rechargeable alternative. The bank is working closely with Volvo Cars, Polestar and AB Volvo to boost sales and financing of EVs and electric and hybrid buses. The bank will continue to increase the financing of hybrids and especially BEVs. Volvo Cars enjoys a leading position on the Swedish market with regard to both hybrid vehicles and BEVs. Polestar only has fully electric vehicles on the Swedish market. The bank's Fleet business finances all marques, and thus most EVs and hybrids. Also, the bank has collaborations regarding eco-friendly fuels such as gas and HVO biodiesel.

Our goal is to be a bank with a net-zero carbon footprint. To this end, the bank has an overarching goal of reducing average CO2 emissions from vehicles in the financed fleet by 30% by 2025, which is also in line with the Paris Agreement's goals, and by 70% by 2030, both with 2020 as the base year, which is in line with Sweden's climate goals. In 2024, the bank was already below its 2025 interim target. We will reach this goal by replacing the fossil-fuel vehicles in the bank's portfolio with rechargeable BEV or plug-in hybrid vehicles. Each of the bank's business areas have drawn up sustainability goals to support the overarching goal. Ziklo Bank continues to increase its proportion of EVs and hybrid vehicles in general and BEVs in particular. In 2024, 88% (73) of all new passenger cars in stock were rechargeable, compared to a total Swedish market of 58% (60), where 49% (39) were BEVs and 40% (35) plug-in hybrids. As of 31 December 2024, the proportion of rechargeable passenger cars in the overall stock was 48% compared to 36% the previous year.

Average emissions in grammes CO2 per km



Sustainability report

Ziklo Bank assets in accordance with the green bond framework (SEK billion)

The bank's green financing constitutes an important step in the bank's vision and the transition to a fossil-free vehicle fleet. During the year, Ziklo Bank maintained its proportion of green bonds in the overall outstanding bonds volume at 43% (43) or SEK 7.75 billion (5.6) as of 31 December 2024. The bank's green lending portfolio has now phased out all hybrid car contracts, and as of April 2024, the portfolio consists exclusively of financed BEVs. The bank issued five green bonds in 2024 for a value of SEK 3.25 billion, and great interest was shown by investors on all issue dates, and the total offer greatly exceeded the desired issue volume.

In the beginning of July 2024, the bank published an investor report on the green bonds outstanding as of 31 March. According to the report, the green loan portfolio, which is financed by green bonds, contributes to an annual CO2 reduction of 10,481 tonnes. This type of bond is in increasing demand on capital markets, especially among investors with green credentials. Because Ziklo Bank expects the green loan portfolio to go on growing in the years ahead, it will continue to enjoy good opportunities to issue further green bonds in the future.

In 2023, the bank signed its first bank financing linked to sustainability. The credit facility was linked to two of the bank's sustainability goals, namely reducing CO2 emissions in the financed fleet, and equal opportunities for all employees. The facility has a term of up to four years, and if the environmental and equal opportunities goals are met, there will be a positive impact on the cost of the facility for the bank.

Ziklo Bank calculates both direct and indirect emissions and reports them under Scopes 1, 2 and 3. Scope 3 includes the majority of the bank's climate impact such as emissions from the use of the bank's products. While the bank's goal is to reduce its own climate impact, it exerts the greatest influence by supporting customers in their climate transition. Thus an important part of the bank's work is advising partners and customers, e.g. by using Ziklo Fleet Services to draw up mobility policies that are as sustainable as possible based on prevailing conditions, and by supporting customers in sustainability issues and helping them measure and monitor the climate impact of their vehicles.

Since Ziklo Bank is digital and lacks bank offices and manufacturing, its own environmental impact is relatively small. The bank intends to continue reducing its current impact such as the consumption of paper and electricity as part of its sustainability goals. Developing digital solutions such as CarPay is one part of this, e-billing and e-signing another. The bank only uses renewable electricity labelled 'Good Environmental Choice', and energy-efficient lighting devices such as motion detectors and dimmers are installed in both offices. The purpose of the bank's internal company vehicle policy is to make sure such vehicles have zero emissions, or emissions so low that they fall within the bank's overall sustainability targets. Company vehicles will consist primarily of EVs or hybrids chosen from our partners' product ranges. The bank advocates travel-free meetings as far as possible and, when travelling on business, climate-smart options should be chosen whenever possible. The bank has internal guidelines that must be followed when selecting partners, and an updated purchasing policy for use during procurements to determine the manner and extent to which future suppliers are sustainable. There are requirements for working conditions, the environment, safety and quality. The bank also has a code of conduct for suppliers and partners describing the minimum level of e.g. environmental and climate responsibility the bank expects all suppliers and partners to meet.

The bank's total carbon dioxide emissions for 2024 are calculated on the latest available data for direct Scope 1 emissions and indirect Scope 2 emissions. The bank also measures indirect Scope 3 emissions, and as its main source of greenhouse gas emissions are in Scope 3, it is relevant to report them. The bank will continue its work with identifying and calculating Scope 3 emissions. The bank has measured emissions from vehicles disposed of by its employees in Scope 1; the figures are calculated from internal data compiled continuously on the basis of the distance travelled by the vehicles and their emission data. In Scope 2, the bank measured how much CO2e the consumption of electricity and heating gave rise to in the bank's offices in Gothenburg and Stockholm. The bank has measured the Scope 3 emissions generated by its financed vehicles; the data is taken from both internal and external sources. The average distance travelled for each vehicle type was retrieved from Trafa. Data concerning grammes of CO2 per kilometre (WLTP) were retrieved from internal passenger car data. Where CO2 data per kilometre is lacking for camper vans, trucks and buses, the bank has chosen to use a general consumption factor for the different vehicle and fuel types, and emission factors for the fuels. For 2024, the bank has chosen to use a standardised method from the Partnership for Carbon Accounting Financials (PCAF) to measure and calculate financed emissions. The calculations are based on the following formula:

- Financed emissions = emissions × attribution factor
- Emissions = emissions from the asset
- Attribution factor = the bank's financed proportion of the asset's total value

The purpose of the PCAF's method of measurement is to enable financial institutions to uniformly measure CO2 emissions linked to Scope 3 lending. Due to the addition of the attribution factor for the 2024 measurement method, the bank reports a significant reduction of CO2 emissions for financed vehicles in Scope 3. Nevertheless, if we disregard the attribution factor, the bank can report a decline in CO2 emissions for financed vehicles in Scope 3 compared to the previous year. Overall, the bank had more agreements (financed vehicles) in 2024 compared to 2023, but these agreements account for a smaller amount of total emissions than the previous year. Emissions from business trips and from commuting by employees and consultants to the bank's offices are also reported under Scope 3. Emissions from business trips are based on internal data and the application of emission factors for travel by air, rail and ferry. Emissions from commuting are calculated based on a personnel survey and the application of emissions factors per means of transport.

(tonnes CO2e)	2024	2023
Scope 1		
Company vehicles	78	101
Scope 2		
Electricity consumption	1	1
Heating**	11	-
Scope 3		
Passenger cars and camper vans*	90,269	234,609
Trucks and buses**	60,477	-
Business trips	2	1
Personnel commuting	69	70

*Because the bank used a new method for calculating emissions in 2024, the result is not comparable with the previous year's figures. Using the 2023 method, the vehicles would have emissions totalling 191,318 tonnes CO2e for 2024.

**Because the bank began measuring emissions in 2024, no comparison figures are available for that year.

Risks

Each section below describes the most significant risks that the bank has identified, linked to sustainability in the operations. The risks are of a strategic and operational nature; as a bank, we provide capital adequacy for all risks, including strategic and operational. The bank assesses sustainability in the credit granting process, and thus also monitors credit risk as a risk related to sustainability. The bank's website contains the bank's TCFD report, which describes how it works strategically with climate-related risks and opportunities.

PERSONNEL AND SOCIAL CONDITIONS

Motivated, committed employees are essential for the bank's continued success. Occupational health and safety and corporate culture affect the employment conditions of our staff.

The bank has identified two risks that stand out distinctly in this area:

- Risk of becoming dependent on key employees
- Risk of recruitment errors

To retain the right skills, the bank makes sure it continues to provide good physical and psychosocial work environments. A good work environment, the opportunity for personal development and zero tolerance of any type of victimisation, discrimination and harassment are crucial for good employee conditions and high employee commitment.

THE ENVIRONMENT

The risk in the environmental area arises mainly from the fact that the bank's business is in financing vehicles, which largely run on non-eco-friendly fuels, such as petrol and diesel. It's easy to see that a rapid transition to climate neutrality would promote a reduction in greenhouse gas emissions, but increase transition-related risks. In connection with this, the bank sees a risk for a downgraded rating and borrowing ability if lending is insufficiently sustainable. The bank also sees a risk of reduced lending volumes and the risk of major changes in residual values due to the transition to electrified vehicles.

HUMAN RIGHTS

Business must be conducted with high standards of ethics and integrity. The bank must apply its code of conduct and promote human rights. Ziklo Bank does not accept any form of child labour, forced labour or other type of involuntary labour. At a minimum, employment conditions must meet the minimum requirements laid down by national legislation. Employees have the right to organise themselves in trade unions, to join associations and to negotiate with Ziklo Bank as an employer. The bank only purchases goods and services that align with the bank's code of conduct and only does business with suppliers and customers with whom it has trusting relationships. The bank also has a code of conduct for suppliers and partners describing the minimum level of responsibility it expects all suppliers and partners to meet. The bank has not identified any significant risks in this area. The bank operates solely in Sweden, where it complies with laws and its own internal policies.

ANTI-CORRUPTION

Ziklo Bank seeks to actively contribute to sustainable society by being a credible, responsible employer, business partner and stakeholder. Applying the bank's ethical guidelines and good business practice is equally as important as complying with current legislation. The bank does not permit any form of price collaboration, cartel formation or abuse of market dominance, and it supports free and fair competition in tenders, offers, contracts and purchases in all aspects of its operations. The bank has a well-functioning whistleblower procedure and conducts ongoing staff training in issues relating to security, ethics and money laundering. No whistleblower incidents were reported in 2024.

Significant risks related to anti-corruption:

- Risk of the bank failing to comply with the banking rules and regulations governing the bank's operations
- Risk of the bank failing to fully comply with money laundering regulations
- Risk of internal irregularities

The bank's compliance team carries out regular monitoring to minimise the risk of non-compliance with banking rules and regulations. The bank also has to assess and minimise the risk of its operations being exploited for money laundering or terrorist financing. By always checking the purpose of the transaction, the identity and the true principal of corporate customers, we prevent the risk of the bank being exploited for terrorist financing and money laundering. Because the bank operates in Sweden and only offers products in this market, it considers the risk of money laundering and terrorist financing to be low.

Ziklo received a SILVER sustainability rating in EcoVadis' assessment in 2024.

The bank increased its 2023 rating by one point from 71 to 72 in 2024. This is only one point short of Gold, even though the criteria and requirements for the rating were raised. EcoVadis is the world leader in sustainability rankings for companies. They evaluate such aspects as the environment, social conditions, human rights, ethics and responsible sourcing. The method is based on internationally adopted standards for sustainability reporting such as the Global Reporting Initiative (GRI), the UN Global Compact and ISO 26000.

SILVER | Top 15%
ecovadis
Sustainability Rating
AUG 2024

Corporate Sustainability Reporting Directive

ESRS 2 – General information

BP-1 – GENERAL BASIS FOR THE PREPARATION OF THE SUSTAINABILITY STATEMENT

Pursuant to the Annual Accounts Act, Ziklo Bank has prepared a statutory sustainability report as part of its annual and sustainability report. Ziklo Bank is currently not subject to the disclosure requirements under the Corporate Sustainability Reporting Directive (CSRD), but has chosen to voluntarily submit a CSRD-inspired report in accordance with the ESRS with a focus on ESRS 1 and 2, and E1 and E2, in preparation for future reporting under CSRD.

BP-2 – DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES

Because this is a CSRD-inspired report and the first time the bank is conducting a DMA that mimics CSRD reporting, there are some uncertainties. The bank will work diligently to improve and clarify the reporting until next year.

Due to the new measurement method for 2024, the Scope 3 comparison figures are not comparable, as this year the bank used a standardised method from the Partnership for Carbon Accounting Financials (PCAF) when calculating financed emissions.

GOV-1 – THE ROLE OF ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The composition of the Board of Directors must be appropriate for the company's operations, its stage of development and other circumstances, and be characterised by diversity and breadth in terms of the AGM-elected members' skills, experience and background. To meet these objectives, the bank strives to ensure a broad pool of characteristics and skills, and emphasises that diversity in terms of age, gender, geographic origin, education and professional background are important factors to consider when electing new Board members. The bank currently has seven non-executive members, three of whom (43%) are independent. For further information about the Board's experience and gender distribution, see pages 18–23 and Note 12. Employees are also represented on the Board by union representatives.

The bank's sustainability efforts are guided by its sustainability policy. The bank's strategy and related sustainability goals are integrated throughout its operations with the following division of responsibilities: the bank's Board of Directors and CEO have overall responsibility for sustainability work while the sustainability manager is responsible for coordinating, supporting and regularly monitoring the bank's sustainability work and reporting outcomes to management.

The Board approves the bank's annual business plan in accordance with the Board's rules of procedure and then updates e.g. its risk strategy and sustainability policy. The Board and management follow up the business plan every year and present their findings in the annual report.

Senior executives must consider the climate and how ESG factors can be influenced by their decisions. During 2022, the bank set up a sustainability forum. The forum seeks to enable representatives from the business areas to meet and exchange knowledge about trends in sustainability and market outlooks. This is partly to agree on the bank's short and long-term goals, and also to create a common understanding of how the bank as an organisation should work with sustainability moving forward. The sustainability forum includes employees from the first and second lines of defence who work with the bank's daily operations, control and compliance. Internal audits make up the third line of defence, auditing sustainability work as necessary.

The bank has expertise and skills in sustainability issues in multiple places in the organisation, and the sustainability department possesses in-depth knowledge and is also able to support the operation in sustainability issues. Furthermore, there is an opportunity for sustainability department employees to study and deepen their knowledge in the field of sustainability and to benefit from external expertise in specific issues. In addition, the bank's employees also undergo a number of digital training courses to ensure a high level of skills in risk, security and sustainability issues in the bank's operations.

The aforementioned knowledge helps the bank manage material impacts, risks and opportunities related to the transition of the vehicle fleet. The bank is undergoing a strategic repositioning that underlines its commitment to the transition to more sustainable transportation. The bank must also develop new products with a focus on sustainability, where the latter is incorporated in all new products, as a requirement in the bank's approval process.

GOV-2 – INFORMATION PROVIDED TO, AND SUSTAINABILITY MATTERS ADDRESSED BY, THE COMPANY'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

As previously mentioned, the Board and the CEO have overall responsibility for sustainability work. The sustainability manager is responsible for coordinating, supporting and regularly monitoring the bank's sustainability work and reporting to the Board. The Board approves the bank's annual business plan and then updates e.g. its risk strategy and sustainability policy. The Board and management follow up the business plan every year and present their findings in the annual report. Board work at Ziklo Bank is carried out in accordance with a structure, where four scheduled meetings are held each year, all preceded by meetings of the committees. Otherwise, the Board meets as necessary when summoned by the Chairman. The sustainability manager reports changes in material impacts, risks and opportunities on at least four occasions during the year in connection with Board meetings, as necessary.

The Board has the overall responsibility of managing the bank's affairs in the interest of both the bank and its shareholders. The Board's responsibilities also include:

- Discussing and making decisions on issues of significant importance and of an overall nature.
- Establishing and monitoring strategies and overall goals having considered the bank's long-term financial interests, the risks to which the bank is exposed or could be exposed and the capital required to cover the bank's risks.
- Promoting a sustainability perspective for the operation.
- Ensuring that ethical guidelines are established for the conduct of the bank and that the external information is characterised by transparency, objectivity and high relevance for the groups targeted by such information.

In the context of the above, regard must be given to the impact, risks and opportunities when the administrative, management and supervisory body oversees the bank's strategy and risk management process.

GOV-3 – INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

The bank has no incentive schemes linked to sustainability matters for members of its administrative, management and supervisory bodies.

GOV-4 – STATEMENT ON DUE DILIGENCE

Due diligence involves identifying, preventing, limiting and reporting on the management of both actual and potential adverse effects on humans and the environment. For further information on how the bank handles due diligence, refer to the materiality analysis under IRO-1.

GOV-5 – RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

The process for preparing the 2024 sustainability report was documented, and any risks in the process and the risk of errors in the report and relevant control activities have been identified.

The control activities were linked to parts of the process that include data quality, calculation methodology, estimation and accuracy in textual material. The internal control in respect of sustainability reporting is under construction and will remain under development during 2025.

See Note 2 for further information about the bank's overall risk management and internal controls.

SBM-1 – STRATEGY, BUSINESS MODEL AND VALUE CHAIN

Ziklo Bank's goal is a net-zero carbon footprint. To this end, the bank has an overarching goal of reducing average CO2 emissions from financed vehicles by 30% by 2025, which is also in line with the Paris Agreement's goals, and by 70% by 2030, both with 2020 as the base year, which is in line with Sweden's climate goals. In 2024, the bank was already below its 2025 interim target. While the bank currently has no targets for trucks, targets are being formulated. They relate to the bank's financed vehicles, which are considered to be the most significant service offered by the bank and which includes all of the bank's customer groups. The bank, which only operates within Sweden's borders, employed 324 people at year-end.

Last year, the bank changed its name to Ziklo Bank, which seeks to symbolise the future of sustainable mobility. The name change is also a strategic initiative to enable collaboration with the broader market, additional partners and vehicle brands. During the strategic move, it will be especially important to work with innovative solutions and advice to the bank's customers. This will involve speeding up the switch to cleaner cars, finding alternative types of transport and making sure vehicles are used longer and by more people.

The data gathered from the bank's upstream and downstream value chains is both qualitative and quantitative in nature. While the information is obtained from public documents such as annual reports, it can also be supplemented by questionnaires, talks and discussions.

Given the bank's current situation, the relationship between the bank and its upstream and downstream partners is deemed to be very good. It therefore follows that data was available to meet our current needs. The bank also feels that its partners share its ambition to increase the availability of data moving forward.

SBM-2 – INTERESTS AND VIEWS OF STAKEHOLDERS

The bank has many important stakeholders and partners. The bank's owners, Volvo Cars and Volvo dealers, along with its customers and investors can be considered its most important stakeholders. See section SBM-3 for further information about the bank's value chain and business model. Collaboration with stakeholders takes place in e.g. Board meetings, strategy meetings, customer meetings, surveys and partner dialogues in order to gather views and incorporate them into the bank's business model and its short and long-term strategic goals.

SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND THE BUSINESS MODEL

Ziklo Bank's business model involves vehicle dealers selling and financing vehicles to customers following credit checks before passing the contracts, secured through the vehicles, to the bank. The dealers bear the credit risk, while Ziklo Bank borrows capital on the market, thereby providing the dealers with access to the financial markets. Thus the bank finances the dealers' loans and leases.

In addition to vehicle financing, the bank's business model also includes card operations aimed at both private and corporate customers. In business area Fleet, the bank also offers advice to customers regarding vehicle choices and the design of vehicle policies.

The bank has downstream and upstream value chains, where the downstream chain is split into the financing and card operations. Under its business model, Ziklo Bank helps dealers access the upstream financial markets. The bank does this partly by offering savings accounts to the public, and partly by borrowing in the form of bonds from institutional investors.

In the downstream chain, the bank exerts both direct and indirect influence. Direct influence is exerted through the mediation of credit cards and advice on vehicle purchases and policies in the Fleet business area. Indirect influence arises when the bank finances loans and leases for transfer by vehicle dealers, and also by supporting dealers in the mediation of the bank's card products to customers.

The bank regards its deposits from the public and financing in the bond market as its *main suppliers*, its vehicle dealers as *distribution channels* and the bank's customers as *end users*.

Based on the bank's value chain, its material impact, risks and opportunities are concentrated to the downstream part of the value chain; see the visualisation. The bank's material impact is indirectly due to the CO2 emissions generated by its financed assets, which can have a direct effect on people and the environment. The effects of the assets under the bank's ownership are sorted under short and medium-term horizons. The bank is involved in the material impacts through its business relationships. The major impact is deemed to occur during the manufacture of vehicles and their period of use. The conclusion based on the analysis conducted with scenarios from the Network for Greening the Financial System (NGFS) is that the bank is well prepared for any situations that may affect the bank's financial position, earnings and cash flow within a one-year horizon. Residual value risk, the new car market and borrowing are deemed to have the potential for a significant impact on the business in the medium and long terms.

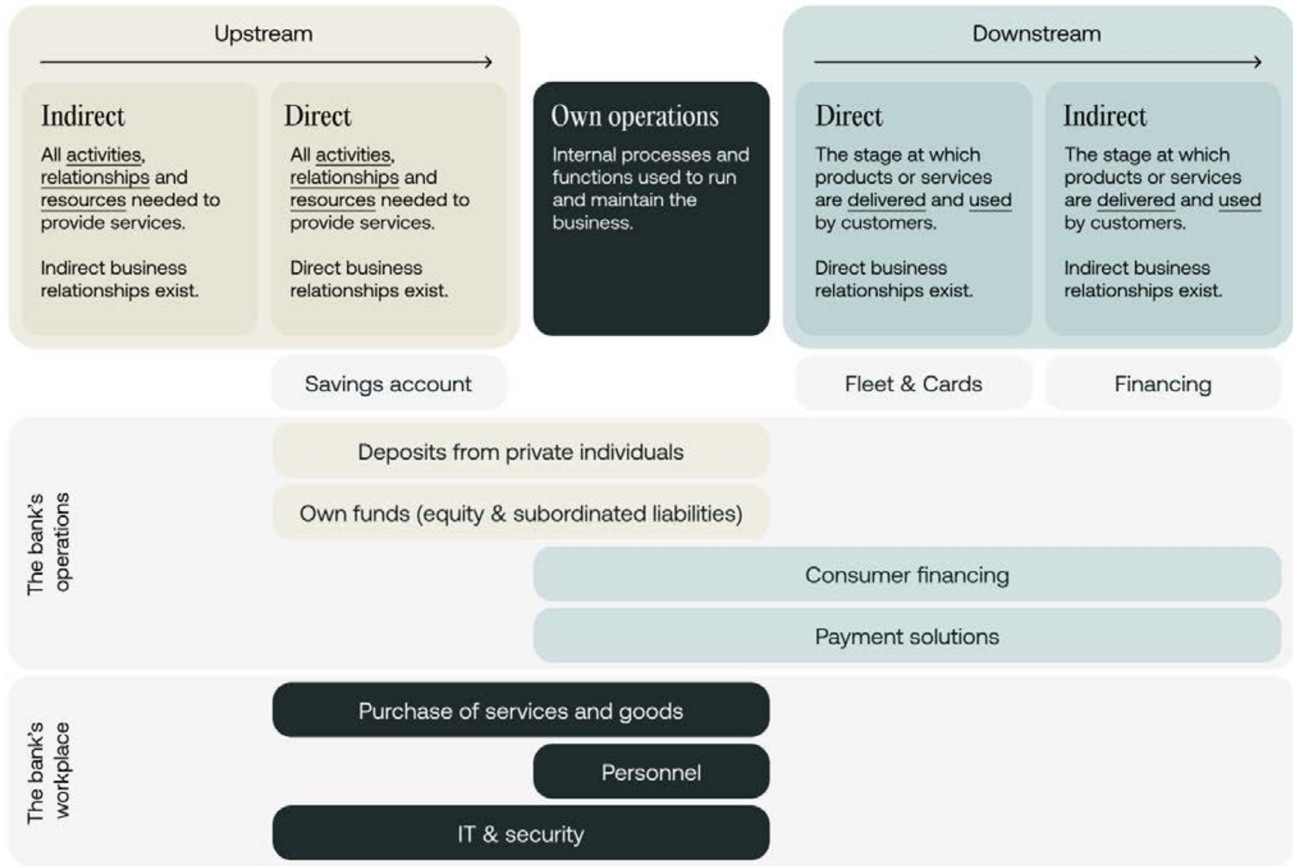
The bank has identified a number of significant risks linked to sustainability. The risks are strategic and operational in nature and are included in the capital adequacy of these types of risk. The bank assesses sustainability in the credit granting process, and thus also monitors credit risk as a risk related to sustainability.

There is a strong correlation between the bank's risks, its lending portfolio and its greenhouse gas emissions as the majority of the portfolio consists of fossil-fuelled vehicles. It's easy to see that a rapid transition to climate neutrality would promote a reduction in greenhouse gas emissions thereby lowering the physical climate-related risk, while increasing the transition-related risk instead. The converse is true in a slow transition where greenhouse gas emissions are reduced at a lower rate and transition-related risk is lowered as a result of a greater physical climate-related risk.

What's more, there are a number of transition risks that will affect the bank in the short, medium and long terms, such as how well the bank can predict future residual values, how well its partners are involved in the transition and lastly, by laws and regulations. The bank defines short term as a time horizon of 1 year, medium term as 2–4 years and long term as more than 5 years.

The bank ascribes the majority of its risks to the medium and long-term horizons. The bank has identified a number of risks, the greatest of which could be the precision with which it sets residual values, as these are becoming increasingly difficult to set due to the transition from traditional fossil fuels to new, electric drivetrains. Another important factor in our transition is how well our partners are mindful of it and champion the cause. The bank's core business consists of financing cars sold through Sweden's Volvo dealers. Thus the extent to which Volvo dealers and Volvo Cars enable the sale and supply of EVs and hybrid vehicles is a dependent variable for the bank. Historically, collaboration with the parties who supply the market with fossil fuels has created value for the bank, and enjoying the right partnership in this regard will continue to be important. The bank's current forecasts show fossil fuels to have a downward trend. This will place great pressure on operators to get involved in the transition and provide the market with new products and services to replace conventional vehicles that run on fossil fuels. The bank is also affected by laws and regulations. Regulations that not only accelerate the transition to rechargeable cars through initiatives such as Bonus Malus, but also those that slow down the rate of change such as the removal of climate bonuses and a lower emission reduction mandate.

Enabling the transition to greener mobility through the financing of EVs and hybrid vehicles is a natural opportunity for the bank. The bank feels it can contribute to positive developments by rewarding more sustainable alternatives. The bank also sees an opportunity in informing its customers, whereby e.g. Ziklo Fleet Services helps customers make eco-friendly, sustainable and financially sound decisions regarding their fleets. In the long term, the bank could also refuse to grant credit from a credit-risk perspective, and by this means oppose financing mobility that has a negative climate impact or which counteracts sustainable development. In reference to the introduction, the bank sees opportunities in new markets, and there will be new players in the Swedish market who will need financing partners. The bank also sees opportunities through expansion into neighbouring geographic markets to enable the financing of sustainable mobility. In summary, the bank's sustainability work is in line with future earnings.



IRO-1 – DESCRIPTION OF THE WORKING PROCESS TO IDENTIFY MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

CSRD states that companies must report information considered to be material for the company and its value chain. Whether such information is material or not is determined in a double materiality analysis (DMA). In a DMA, the bank applies inside-to-outside and outside-to-inside perspectives, and evaluates the impact the bank has on society, and the impact society has on the bank.

Previously, the bank carried out materiality analyses, and under the CSRD these will be replaced henceforth by double materiality analyses. The outcome from the DMA below is the first for the bank; the DMA will be revised and developed annually.

Below is the bank's DMA process:

1. Understanding

The first step delved into the bank's business model and value chain to identify significant stakeholders and aspects of sustainability for further evaluation. At the same time, the bank continued to revise and develop its previously conducted materiality analysis. Assumptions arrived at were then cross-checked with internal and external expertise.

2. Identification

The second step consists of a review to identify, describe and assess material sustainability aspects based on their impact, risks and opportunities. The consequences identified were assessed from both positive and negative perspectives. When assessing negative impact, the bank used the existing risk model in respect of probability and consistency.

3. Assessment

The third step evaluated the identified sustainability aspects from an inside-to-outside perspective (material impact) and from an outside-to-inside perspective (financial materiality). The methodology was applied using the following time horizons:

- Short: 0–1 year
- Medium: 1–5 years
- Long: > 5 years

4. Establishment

The fourth step establishes the assumptions. Dialogues were held with parts of the management team and selected internal and external expertise to validate and resolve on the results of the double materiality analysis.

Outcome of the double materiality analysis:

The chart below shows the outcome of the bank's double materiality analysis. The bank takes the view that there will be fewer significant areas in the years ahead as the DMA is revised.

- Positive and negative impacts, risks and opportunities with regard to their effects have been identified in E1, E5, S1 and S4.
- Negative impacts and risks from an impact perspective have been identified in E2, E4 and S2.
- Negative impacts and risks from a financial perspective have been identified in S4 and G1.
- Positive impacts and opportunities from a financial perspective have been identified in E5.

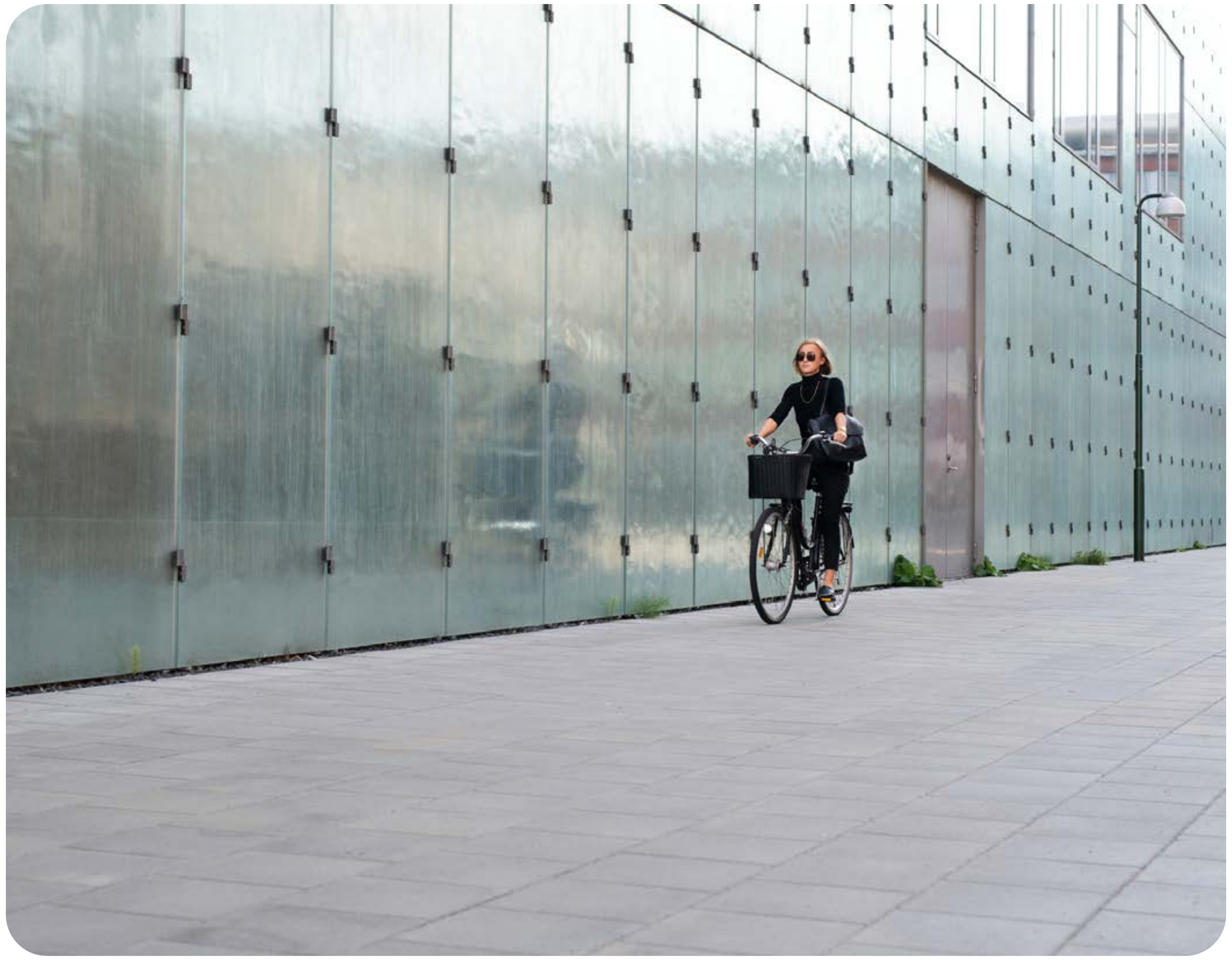
*E3 and S3 are not material according to the bank's double materiality analysis

The bank uses external monitoring to capture changes that may impact it directly or indirectly. In addition to the double materiality analysis, strategic workshops are organised under the ILAAP process to assess sustainability-related risks. The bank was guided by the EU's Green Taxonomy when adjusting strategies and business decisions based on identified risks. The outcomes of the double materiality and scenario analyses are consistent with the bank's overall risk profile and management process. See Note 2 for further information on how the bank identifies, assesses and manages the impacts, risks and opportunities in its internal controls and risk management process.

IRO-2 – DISCLOSURE REQUIREMENTS IN ESRS STANDARDS COVERED BY THE COMPANY'S SUSTAINABILITY STATEMENT

The bank's first double materiality analysis assessed all areas as material, except for the standards for water and marine resources (E3) and affected communities (S3). The reason E3 is not considered to be material is based partly on the nature of the operation and its geographical location, as water is not used to any significant extent, and partly on there being no water shortage in Sweden. Because Ziklo Bank is only active inside Sweden's borders and it complies with Swedish legislation, S3 is not considered to be material. Neither does the bank have any manufacturing operations and thus has little or no impact on communities.

ESRS standard	Page references
ESRS 2 – General Information	45
ESRS E1 – Climate change	50
ESRS E2 – Environmental pollution	55
ESRS E4 – Biodiversity and ecosystems	Not reported for 2024
ESRS E5 – Resource use and circular economy	Not reported for 2024
ESRS S1 – Own workforce	Not reported for 2024
ESRS S2 – Workers in the value chain	Not reported for 2024
ESRS S4 – Consumers and end users	Not reported for 2024
ESRS G1 – Business conduct	Not reported for 2024



ESRS E1 – Climate change

E1, GOV-3 – INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

No account is taken of climate-related considerations in the remuneration of members of administrative, management and supervisory bodies, nor is their performance assessed against the bank's greenhouse gas emission reduction targets (0% of remuneration is based on climate-related considerations).

E1-1 – TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

Ziklo Bank's goal is a net-zero carbon footprint. To this end, the bank has an overarching goal of reducing average CO2 emissions from vehicles in the financed fleet by 30% by 2025, which is also in line with the Paris Agreement's goals, and by 70% by 2030, both with 2020 as the base year, which is in line with Sweden's climate goals. In 2024, the bank was already below its 2025 interim target.

The bank's contribution to the phasing out of fossil fuels is mainly indirect through its customers' motivation to limit climate change by replacing their ICE vehicles with EVs or by using renewable fuels. The bank has an important part to play for customers in the transition by providing training and advice when new vehicle policies are established, and by helping to base the choice of vehicles in terms of their climate impact.

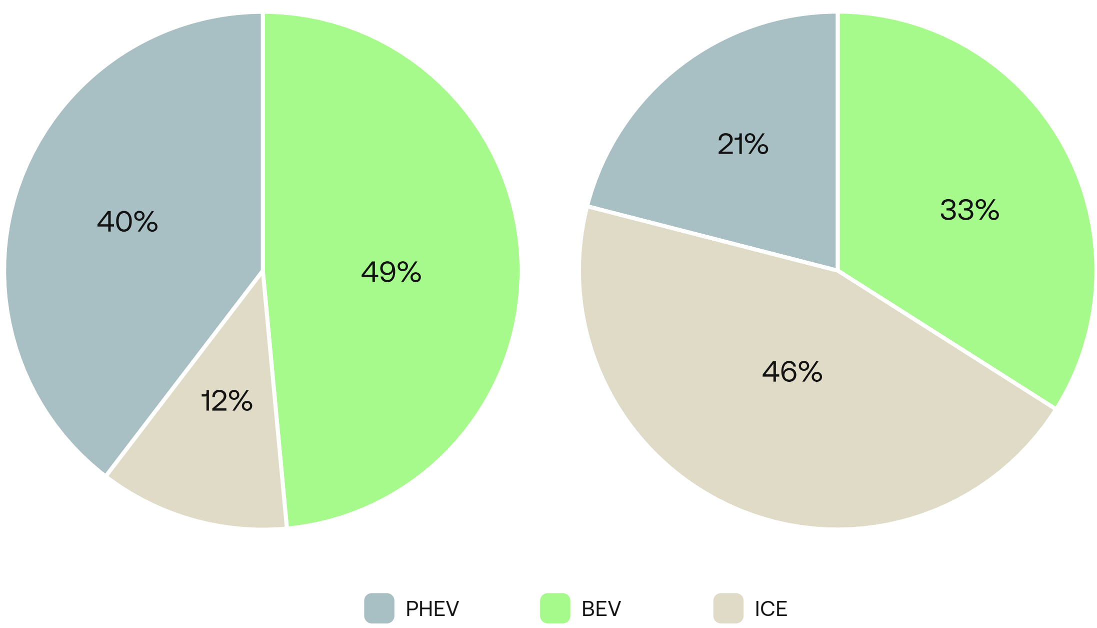
The transition plan is addressed under the bank's regular budget as it forms part of the bank's overall strategy. When the bank reports fully in accordance with the taxonomy, it may cover more detailed accounting including quantification of the bank's investments and financing in support of the transition.

The bank's greenhouse gas emissions in the vehicles covered by the operating leases are locked in for around 38 months (the average maturity of the vehicles), i.e. the time the vehicles remain on the bank's balance sheet. Assumptions were taken into account when the bank's overall CO2 emissions reduction targets for 2025 and 2030 were adopted.

Alignment with the Paris Agreement is a central issue for the transport industry and the bank in particular. The transition plan is in line with Ziklo Bank's business strategy, as approved by the Board of Directors, which seeks to meet the growing demand from existing and new customers for a simple, rapid transition to sustainable transportation. The bank's vision is to become the leading bank for the mobility of the future. The bank sees higher future earnings and lower financial risk by increasing the share of green activities in its portfolio. We measure and work with KPIs related to the switch to cleaner vehicles on an ongoing basis, and we note results from this work through a greater share of rechargeable vehicles in all business areas.

Ziklo Bank – Passenger cars
New inflow Ziklo Jan–Dec 2024

Total market – Passenger cars
New registrations Jan–Dec 2024 (excluding Ziklo)



Sustainability report

E1 SBM-3 – SIGNIFICANT IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND THE BUSINESS MODEL

The bank has identified a number of climate-related risks, all of which are related to climate transition risks:

- Residual value risk
- New car market
- Borrowing

To manage these risks, the bank must work to minimise residual risk, increase penetration of the new car market and secure borrowing with green assets at a maintained rating.

The bank has carried out a resilience analysis concerning its own operations and downstream and upstream parts of the value chain. No material physical or transition risks have been omitted.

The last resilience analysis was carried out in the autumn of 2024, based on previously implemented scenarios and double materiality analyses. Assumptions in the analyses made the bank part of the transition to a more low-carbon economy, as the bank's strategic focus includes financing sustainable mobility, primarily through EVs. The strategic direction is influenced by such macroeconomic factors as subsidies for EVs and technological developments like better batteries and charging infrastructure.

All in all, the conclusion drawn from the resilience analysis is that the bank considers itself to be well prepared in the short term. In the longer term, the bank sees a number of factors that may affect resilience. These include the way the new-vehicle and used-vehicle markets develop, as well as borrowing opportunities. Based on the result, the bank continues to increase its penetration of the new car market and use green assets to secure borrowing at a maintained rating. The bank is well-capitalised and financially sound even if the transitioning plans do not materialise in the way the bank has forecast.

E1 IRO-1 – DESCRIPTION OF THE WORKING PROCESS TO IDENTIFY AND ASSESS MATERIAL CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES

The bank's impacts on climate change can be described by its Scopes 1, 2 and 3 greenhouse gas emissions; see ESRS E1-6 for further information.

The bank has identified a number of physical risks resulting from climate change. They concern damage to property, reduced productivity or indirect consequences in the form of supply chain delays. These risks are associated with the latter part of the bank's value chain and in turn to their partners; were these risks to materialise, it could have an effect on the bank's value chain and indirectly impact the bank. In the bank's assessment, neither the assets nor the business operations are exposed to material impact by climate-related risks that could form the basis for major physical risks for the bank.

As previously mentioned, the bank has also identified a number of transition risks that could affect it in the short, medium and long terms, such as how well the bank predicts future residual values, the effect of how well its partners are involved in the transition and lastly, by laws and regulations. The bank's business could be indirectly affected by transition events according to how well its partners are aware and active in advancing transition. The bank's core business is based on financing cars sold mainly through Sweden's Volvo dealers. Thus the extent to which Volvo dealers and Volvo Cars enable the sale and supply of EVs and hybrid vehicles is a dependent variable. While the bank sees risks with the transition, it also sees a number of opportunities in a market transitioning to one that is increasingly climate smart. Financing the transition toward sustainable mobility is an opportunity ideally suited to the bank. This includes informing and guiding customers to make environmentally friendly, sustainable and economic decisions.

With the implementation of scenario analysis, the bank has used scenarios depicted by the Network for Greening the Financial System (NGFS), to provide guidance for the risks the bank considers to be the most apt. Six scenarios were used in the analysis, of which two were assessed differently; Divergent Net Zero and NDC were evaluated to gain an idea of how the bank's operations would be affected based on the perspectives of residual risk, the new car market, borrowing and credit losses. Delayed transition was deemed to be the most likely scenario, but two extremes were chosen to stress the outcome. The conclusion is that the bank is well prepared one year ahead, but in the longer term, residual risk, the new car market and borrowing could potentially affect operations. Thus the bank must work to minimise residual risk, increase penetration in the new car market and secure borrowing with green assets at a maintained rating.

E1-2 – POLICIES FOR CLIMATE CHANGE MITIGATION AND ADAPTATION

The bank has adopted a sustainability policy to address material impacts, risks and opportunities related to climate change mitigation and adaptation.

The purpose of the policy is to form the basis for sustainability efforts at the bank and to create a common approach in the organisation concerning sustainability issues. The policy must form the basis for the sustainability report, in which compliance with said policy is assessed.

The main content of the sustainability policy includes its purpose, goals, the division of responsibilities, sustainability work at Ziklo Bank including ecological, social and financial sustainability, responsible corporate governance, sustainability-related goals and risks, and reporting.

The sustainability policy is linked to a number of material impacts, risks and opportunities for the bank. Some identified risks are associated with the following:

- Reduced earnings due to lower fuel sales
- A poorer rating due to the insufficient sustainability of the bank's assets
- Partners are unable to cope with changing competition
- Laws and regulations aimed at reducing environmental impact

Otherwise the bank has identified a number of possibilities:

- The ability to make sustainable mobility accessible
- Reducing direct and indirect environmental impact through active environmental work
- Assuming social responsibility

Ziklo Bank's sustainability work is followed up and reported in compliance with current risk and business plan monitoring. Sustainability-related risks are also addressed in the ILAAP process.

Ziklo Bank diligently monitors the companies that form the bank's downstream and upstream value chains within the framework of sustainability to make sure they conduct respectable, ethically acceptable business, work to reduce their negative impact on the surrounding world and that they have a stable financial situation.

The bank has a code of conduct for suppliers and partners in addition to the sustainability policy. Ziklo Bank expects its partners to respect and comply with the bank's guidelines, as these go hand-in-hand with its values. The code of conduct describes the minimum level of responsibility all of the bank's partners are expected to comply with. The code of conduct is based on international rules and agreements such as:

- Paris Agreement; focuses on environment and development
- The UN Convention on Human Rights
- The International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work
- The UN Convention against Corruption

The code of conduct addresses such things as permits and laws, carbon footprints, resources and efficiency, recycled materials and waste management. The code of conduct for suppliers and partners is available in its entirety on the bank's website, under "About us/Sustainability/Code of Conduct for suppliers and partners".

The Board and the CEO have overall responsibility for sustainability work and for ensuring compliance with the sustainability policy. The sustainability manager is responsible for coordinating, supporting and regularly monitoring the bank's sustainability work and reporting to the management team.

Through its sustainability policy, the bank commits to implementing and conducting long-term efforts toward a sustainable society. In accordance with the Paris Agreement, the bank will promote the transition to sustainable and accessible mobility in society. The bank will take a number of steps to follow the UN's principles for responsible banking. When adopting the policy, the bank took key partners, stakeholders and employees into consideration. The latest version of the sustainability policy is always available at Ziklo.com. Also, representatives from the bank are available for support should stakeholders need help in implementing and complying with the policy.

Through its sustainability work, the bank addresses both the mitigation of, and adaptation to, climate change. For Ziklo Bank, this means that it:

- assumes its share of responsibility for making sustainable mobility available in society
- has a long-term sustainable business strategy that optimises risks and ensures good finances
- reduces its direct and indirect environmental impact by actively conducting environmental efforts focused on sustainable development;
- acts transparently with regard to the above.

The sustainability policy also addresses energy-efficiency issues where the bank:

- seeks to reduce direct environmental impact through e.g. paper and electricity consumption
- must have as its goal the reduction of indirect environmental impact and follow up and evaluate developments annually
- must use only renewable electricity and energy-efficient lighting in offices

For further information about the bank's sustainability policy, see our website under "About us/Sustainability/Sustainability Policy".

E1-3 – ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES

The purpose of the sustainability policy is to form the basis for sustainability efforts at the bank and to create a common approach in the organisation concerning sustainability issues. The goal of sustainability efforts is also to conduct long-term work toward a sustainable society. The following are some of the measures taken during the reporting year:

- Increasing the share of rechargeable vehicles by providing customer guidance
- Training partners in the transition to fossil-free alternatives
- Promoting charging, at home as well as public
- Supporting partner campaigns for EVs
- Enabling the redemption of CarPay vouchers for public transport
- Awarding double points to customers paying for EV charging with the CarPay card
- Awarding new CarPay customers for Rulla car-sharing SEK 500 to use for trips
- Participating in the public debate through media activities and the mobility report

All of the above actions help to reduce the bank's climate footprint in line with the bank's sustainability policy. They are centred on the bank's own operations and the upstream value chain and managed in different time frames. Work on increasing the proportion of rechargeable vehicles by providing advice will continue in the years ahead as this action is assumed to have the greatest material impact on climate change mitigation and the phaseout of fossil fuels. The action to convert vouchers to public transport was implemented and completed in 2024.

In the bank's opinion, the transition to a fossil-free-market will lead to increased revenues and an increase in net interest income without any increase in operating (OpEx) or capital (CapEx) expenses. The bank also feels that implementing the action plans will not require significant operating or capital expenditure (OpEx and CapEx) as the plans are considered to be part of the bank's business strategy.

The bank cannot separate the CO2 savings resulting from the above-mentioned measures, but reports them as a total item under Scope 3 (see table under E1-6).

E1-4 – GOALS FOR CLIMATE CHANGE MITIGATION AND ADAPTATION

Ziklo Bank's goal is to be a bank with a net-zero carbon footprint. To this end, the bank has an overarching goal of reducing average CO2 emissions from vehicles in the financed fleet by 30% by 2025 (interim objective), which the bank is in line with, and by 70% by 2030, both with 2020 as the base year. To put this in concrete terms, the reduction is approximately 100,000 tonnes of CO2 from 2020 to 2025 and a further 130,000 tonnes from 2025 to 2030 (base year around 330,000 tonnes of CO2). The PCAF financing level has not been taken into account. The goal is based on emissions derived from Scope 3 and includes the bank's financed CO2e emissions. This is in line with Ziklo Bank's sustainability policy, which states that the goal of sustainability work is to carry out long-term work for a sustainable society. The goal of reducing greenhouse gas emissions is science-based and consistent with limiting global warming to 1.5°C. In establishing these targets, the bank has used both internal and external sources in its qualitative and quantitative analyses. Among other things, scenarios from the Network for Greening the Financial System (NGFS) and the Swedish Environmental Protection Agency were applied. These analyses gave consideration and regard to external factors affecting the transition of the bank's vehicle fleet including changes in the sales volumes of dealers and the willingness of customers to make the green transition. In adopting a goal, the bank takes into account goals at both the national and EU levels.

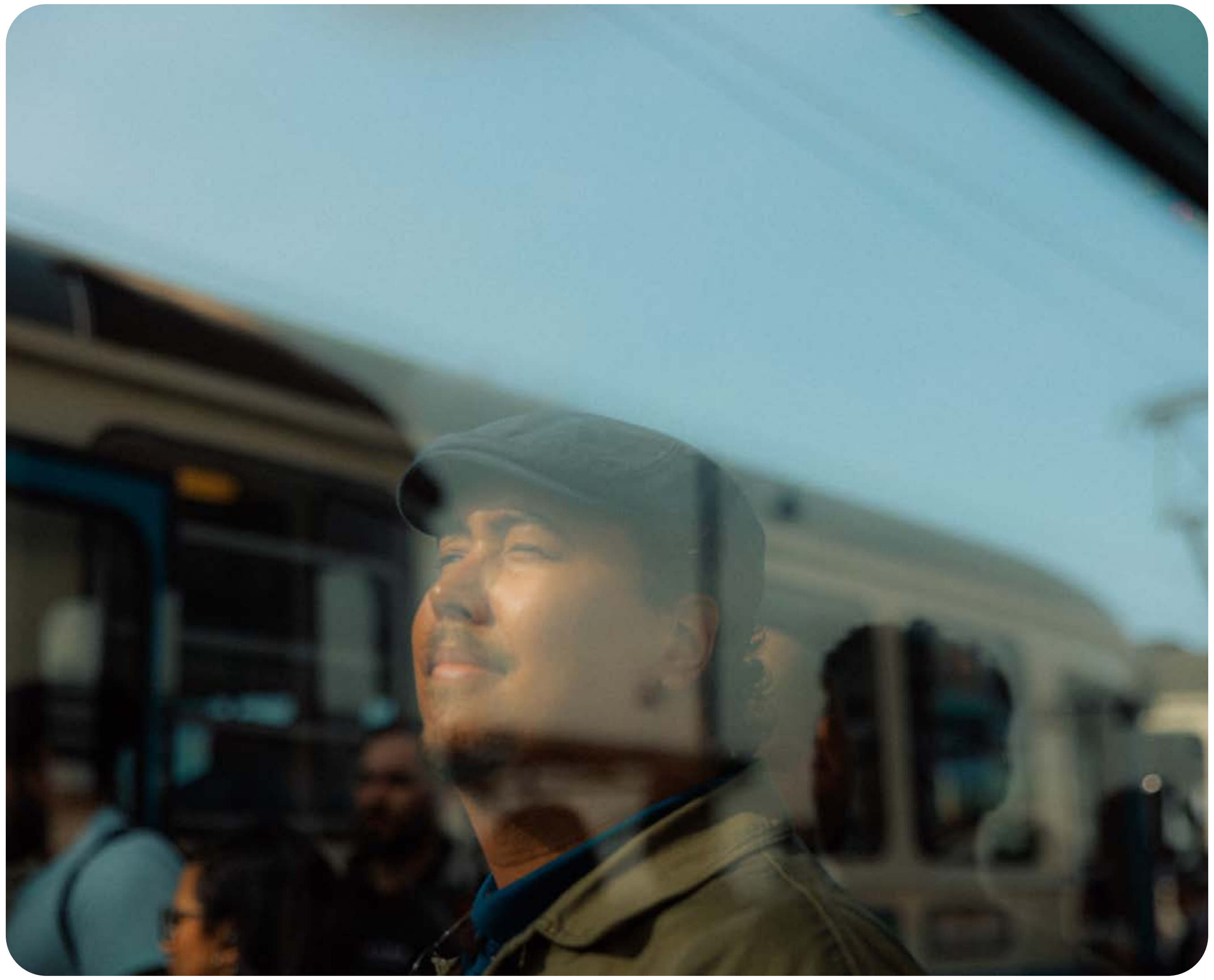
The CO2 reduction target is relative and measured in grammes of CO2 per driven kilometre. The goal includes reducing the average CO2 emissions from vehicles in the financed fleet, i.e. it covers the bank's own operations and the upstream value chain.

The bank's stakeholders did not take any specific part in setting the target. On the other hand, the bank's target is in line with the goals of important stakeholders including Volvo Cars' sustainability target of reducing the company's CO2 emissions per vehicle by 75% by 2030 with 2018 as the reference year. Volvo Group, with Volvo Trucks and Volvo Buses, is another important partner whose goal is to reduce CO2 emissions per vehicle and vehicle kilometre by 40% by 2030 with 2019 as a reference year.

No material changes were made to the goal, which is continuously monitored by the Sustainability function. The goal is monitored in grammes of CO2 per km; progress is deemed to be in line with the original forecast, and given the current rate of transition, the prospects for achieving the goal are good.

Since Ziklo Bank is digital and lacks bank offices and manufacturing, its own environmental impact is relatively small. The bank intends to continue reducing its current impact such as the consumption of paper and electricity as part of its sustainability goals. Developing digital solutions such as CarPay is one part of this, e-billing and e-signing another. The bank only uses renewable electricity labelled 'Good Environmental Choice', and energy-efficient lighting devices such as motion detectors and dimmers are installed in both offices.

The purpose of the bank's internal company vehicle policy is to make sure such vehicles have zero emissions, or emissions so low that they fall within the bank's overall sustainability targets. Company vehicles will consist primarily of EVs or hybrids chosen from our partners' product ranges. The bank advocates travel-free meetings as far as possible and, when travelling on business, climate-smart options should be chosen whenever possible. The bank has internal guidelines that must be followed when selecting partners, and an updated purchasing policy for use during procurements to determine the manner and extent to which future suppliers are sustainable. There are requirements for working conditions, the environment, safety and quality.



E1-5 – ENERGY USE AND ENERGY MIX
The bank only uses **renewable** electricity labelled 'Good Environmental Choice'. In 2024, Scope 2 energy consumption totalled 304,152 kWh and concerned purchased electricity and heating for the offices in Stockholm and Gothenburg.

Energy use and energy mix	2024	2023
Consumption of purchased or acquired electricity, heating, steam and cooling from renewable sources (MWh)*	304	141

*Because the bank first began measuring heating emissions in 2024, 2023 is not comparable.

E1-6 – GROSS SCOPES 1, 2, AND 3 AND TOTAL GHG EMISSIONS

(tonnes CO2e)	2024	2023
Scope 1		
Company vehicles*	78	101
Scope 2		
Electricity consumption**	1	1
Heating****	11	-
Scope 3		
Passenger cars and camper vans***	90,269	234,609
Trucks and buses****	60,477	-
Business trips	2	1
Personnel commuting	69	70
Total greenhouse gas emissions	150,985	234,782

*0% of greenhouse gas emissions derive from emissions trading systems.
**100% of electricity consumption is market-based gross greenhouse gas emissions.
***Because the bank used a new method for calculating emissions in 2024, the result is not comparable with the previous year's figures. Using the 2023 method, the vehicles would have emissions totalling 191,318 tonnes CO2e for 2024.
****Because the bank began measuring emissions in 2024, no comparison figures are available for 2023.

The bank's total carbon dioxide emissions for 2024 are calculated on the latest available data for direct Scope 1 emissions and indirect Scope 2 emissions. The bank also measures indirect Scope 3 emissions, and as its main source of greenhouse gas emissions are in Scope 3, it is relevant to report them. The bank will continue its work with identifying and calculating Scope 3 emissions. The bank has measured emissions from vehicles used by its employees in Scope 1; the figures are calculated from internal data compiled continuously on the basis of the distance travelled by the vehicles and their emission data. In Scope 2, the bank measured how much CO2e the consumption of electricity and heating gave rise to in the bank's offices in Gothenburg and Stockholm. The bank has measured the Scope 3 emissions generated by its financed vehicles; the data is taken from both internal and external sources. The average distance travelled for each vehicle type was retrieved from Trafa. Data concerning grammes of CO2 per kilometre (WLTP) were retrieved from internal passenger car data. Where CO2 data per kilometre is lacking for camper vans, trucks and buses, the bank has chosen to use a general consumption factor for the different vehicle and fuel types, and emission factors for the fuels. For 2024, the bank has chosen to use a standardised method from the Partnership for Carbon Accounting Financials (PCAF) to measure and calculate financed emissions. The calculations are based on the following formula:

- Financed emissions = emissions × attribution factor
- Emissions = emissions from the asset
- Attribution factor = the bank's financed proportion of the asset's total value

The purpose of the PCAF's method of measurement is to enable financial institutions to uniformly measure CO2 emissions linked to Scope 3 lending. Due to the addition of the attribution factor for the 2024 measurement method, the bank reports a significant reduction of CO2 emissions for financed vehicles in Scope 3. Nevertheless, if we disregard the attribution factor, the bank can report a decline in CO2 emissions for financed vehicles in Scope 3 compared to the previous year. In 2024, the bank had more agreements in stock compared to 2023, but these agreements account for a smaller amount of total emissions than the previous year. Emissions from business trips and from commuting by employees and consultants to the bank's offices are also reported under Scope 3. Emissions from business trips are based on internal data and the application of emission factors for travel by air, rail and ferry. Emissions from commuting are calculated based on a personnel survey and the application of emissions factors per means of transport. The bank applies the market-based method when calculating emissions from the heating and electricity mix, as it only purchases renewable electricity (100%) labelled 'Good Environmental Choice' and with a guarantee of origin.

Greenhouse gas intensity based on net income is calculated by dividing total greenhouse gas emissions by operating profit. Operating profit is taken from the income statement on page 68.

Greenhouse gas intensity	2024
Greenhouse gas intensity based on net income (tonnes CO2/SEK)	0.0002

E1-7 – GHG REMOVAL AND MITIGATION PROJECTS FINANCED THROUGH CARBON CREDITS
The bank is currently not involved in any carbon capture projects. Nor is any operator in the value chain known by the bank to be involved in such projects. Because the bank does not purchase carbon credits, it has not achieved any carbon reduction or GHG removal by means of such credits.

Ziklo Bank's goal is to achieve a net-zero carbon footprint, and while it has an action plan to reduce emissions from the financed fleet, it does not currently have a plan for achieving climate neutrality, although one will be prepared in the coming years.

E1-8 – INTERNAL CARBON PRICING
The bank does not currently apply any internal carbon pricing systems.

E1-9 – ANTICIPATED FINANCIAL EFFECTS THROUGH MATERIAL PHYSICAL AND TRANSITION RISKS AND POTENTIAL CLIMATE-RELATED OPPORTUNITIES
Not considered to have any material impact according to the double materiality analysis.

ESRS E2 – Environmental pollution

ESRS 2 IRO-1 – DESCRIPTION OF THE WORKING PROCESS TO IDENTIFY MATERIAL IMPACTS, RISKS AND OPPORTUNITIES IN CONJUNCTION WITH ENVIRONMENTAL POLLUTION
Ziklo Bank has determined its material impacts, risks and opportunities as described in ESRS 2, IRO-1. The bank has not carried out any additional reviews in its own or the value chain's places of business.

E2-1 – POLICIES RELATED TO ENVIRONMENTAL POLLUTION
The bank has adopted a sustainability policy to address material impacts, risks and opportunities related to mitigation and adaptation to environmental pollution. For a description of the sustainability policy sub-section E1-2 or the sustainability policy in its entirety on our website, see "About us/Sustainability/Sustainability Policy".

In addition to what is described in E1-2, the sustainability policy is linked to a number of material impacts, risks and opportunities for the bank related to environmental pollution. For example, there is a risk that the transition to EVs will not take place.

Otherwise the bank has identified a number of possibilities:

- Develop and provide products and services that reduce environmental pollution.
- Consider the environmental pollution and consequences in the development of products and services and of changes in its operations under the new product approval process (NPAP).
- Reduce indirect environmental pollution and monitor and evaluate developments annually.
- Use only renewable electricity and energy-efficient lighting in offices to reduce environmental pollution.

As far as technically feasible and financially reasonable, Ziklo Bank must take long-term environmental responsibility aimed at reducing its ecological footprint. The bank is working to limit negative impacts on e.g. atmospheric pollution by:

- Reducing direct environmental impact from e.g. the consumption of paper and electricity.
- Using only renewable electricity and energy-efficient lighting in offices.

Ziklo Bank does not use any substances of concern or very high concern. Nor are any substances of concern known by the bank to be present in its downstream or upstream value chains. Thus the bank's sustainability policy does not address issues relating to substances of concern.

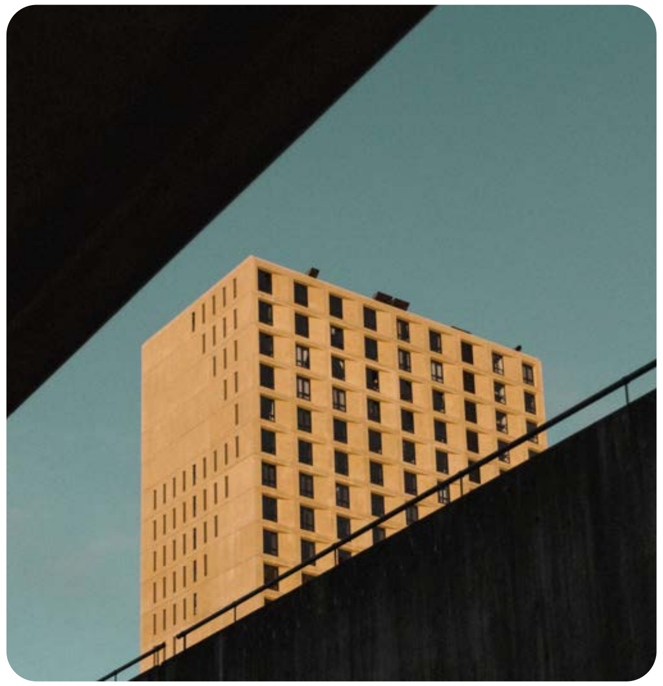
The bank's sustainability policy does not address matters concerning incidents and emergencies should they arise, or how the bank would limit their impact on people and the environment. Given the nature and geographical location of the bank, such emergencies are deemed unlikely to transpire in the foreseeable future.

E2-2 – ACTIONS AND RESOURCES RELATED TO ENVIRONMENTAL POLLUTION
The purpose of the bank's sustainability policy is to form the basis for sustainability efforts at the bank and to create a common approach in the organisation concerning sustainability issues. The policy must form the basis for the sustainability report, in which compliance with said policy is assessed.

In its work to have a positive impact on the surrounding world, Ziklo Bank has selected four of the UN's sustainability goals where it can contribute most toward achieving these ambitious goals. One of these goals is linked to limiting environmental pollution and concerns reducing the bank's direct and indirect environmental impact by actively conducting environmental work focused on sustainable development.

Ziklo Bank works diligently to limit environmental pollution under the EU Taxonomy Regulation and its delegated acts, mainly by enabling the financing of non-fossil-fuelled vehicles. The bank also opens the door to more types of vehicle and transport alternatives, while reviewing the opportunities for making vehicles available to more people over longer life cycles. The bank can see a clear link between the energy and mobility industries through the electrification of vehicles. The bank will continue to support customers when propellants, in the form of battery charging, move to an increasing extent to the homes and workplaces of drivers. To ensure the bank's operations are environmentally sustainable in accordance with the taxonomy, the bank prioritises actions that accelerate the transition to sustainable mobility in society. All customers who charge their vehicles with the CarPay card now earn double points on charging, and customers can also redeem these points for charging. During the year, customers who paid for their public transport or rail tickets with their CarPay cards received a double bonus. They then have the opportunity to redeem their award points for public transport tickets.

The scope of the actions is related to the business activity, the upstream value chain and the end user. The actions are all applied to the Swedish market and handled differently depending on their nature and complexity. In this regard, the various initiatives are expected to continue in both the short and long terms.
In the bank's opinion, the transition to a fossil-free-market will lead to increased revenues and an increase in net interest income without any increase in operating (OpEx) or capital (CapEx) expenses.



E2-3 – GOALS RELATED TO ENVIRONMENTAL POLLUTION
The bank's sustainability policy describes how it should form the basis for sustainability efforts at the bank and to create a common approach to sustainability issues in the organisation. As far as technically feasible and financially reasonable, Ziklo Bank must take long-term environmental responsibility aimed at reducing its ecological footprint. Ziklo Bank's overarching goal is the reduction of average CO_2 emissions from vehicles in the bank's portfolio by 30% by 2025 (interim objective), which the bank is in line with, and by 70% by 2030, with 2020 as base year. This is directly linked to the limitation of air pollution as a switch from ICE vehicles to EVs would limit environmental pollutants in the air. With regard to this goal, the bank works with e.g.:

- Developing and providing products and services that reduce environmental impact
- Providing advice and guidance to customers on environmental issues

The CO_2 reduction target is relative and measured in grammes of CO_2 per km. The target levels for vehicles are 93 grammes of CO_2 per km by 2025, and 40 grammes of CO_2 per km by 2030. The baseline value is 133 grammes and the base year is 2020 for vehicles.

Because the goal covers the reduction of average CO_2 emissions from vehicles in the financed fleet, it only covers the bank's own activities related to financing and includes neither the downstream nor upstream value chains.

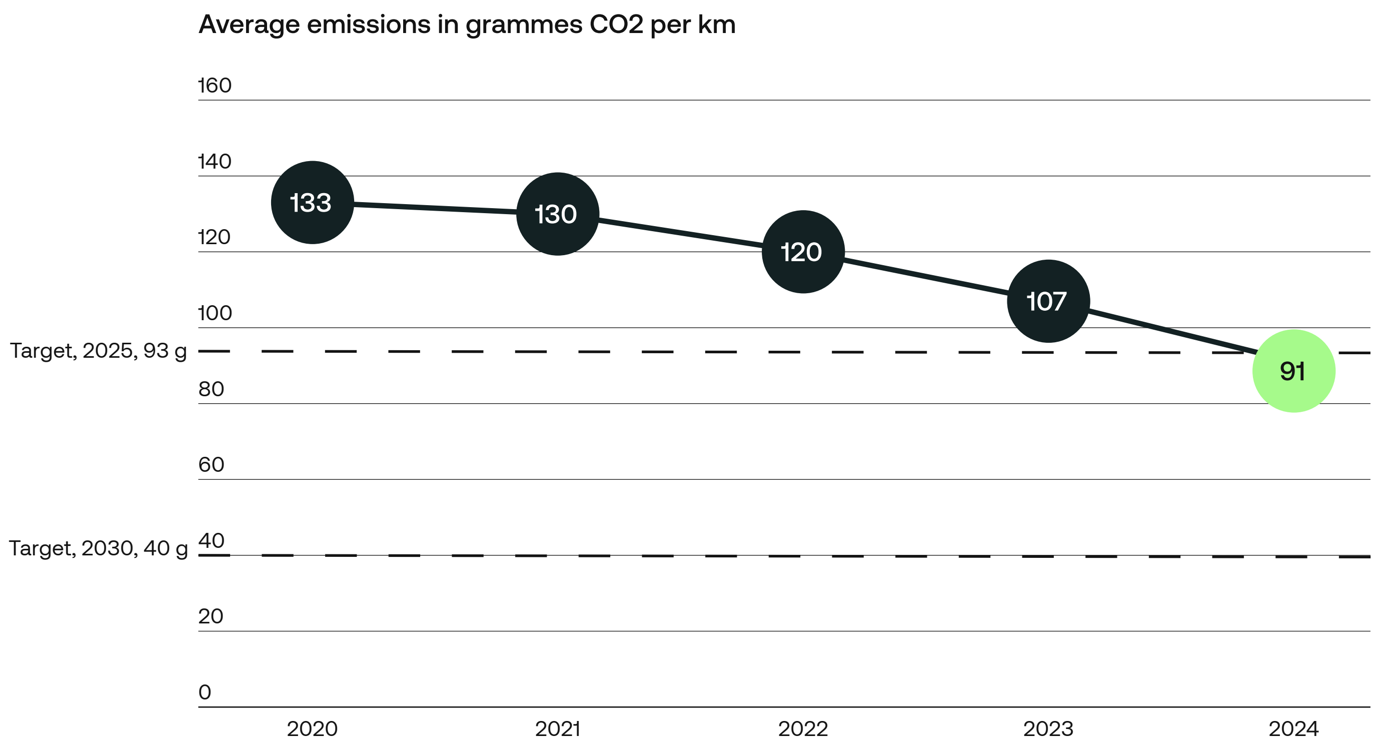
In establishing the goal, assumptions were made as to the extent society as a whole and the bank's customers in particular are transitioning from fossil-fuelled to electric vehicles. Both internal and external data sources were used to determine the goal. In adopting the internal goal, external goals at both the national and EU levels were taken into account. The bank's goals are founded on scientific evidence, based among other things on the Paris Agreement.

The bank's stakeholders did not take any specific part in setting the target. On the other hand, the bank's target is in line with the goals of important stakeholders including Volvo Cars' sustainability target of reducing the company's CO_2 emissions per vehicle by 75% by 2030 with 2018 as the reference year. Volvo Group, with Volvo Trucks and Volvo Buses, is another important partner whose goal is to reduce CO_2 emissions per vehicle and vehicle kilometre by 40% by 2030 with 2019 as a reference year.

The goal is monitored by the Sustainability function on an ongoing basis. The goal is monitored in grammes of CO_2 per km. Furthermore, progress is deemed to be in line with the original plan, and if we continue with the same rate of transition, the prospects for achieving the goal are good.

While the aforementioned goal does have a material impact on air pollution, the bank does not deem it to have the same relative material impact on emissions to water, environmental pollution to soil or include any substances of concern.

The goal adopted by the bank and presented in the report is voluntary.



E2-4 – POLLUTION OF AIR, WATER AND SOIL
Within the framework of its operations, the bank does not release any of the pollutants listed in Annex II in Regulation (EC) No 166/2006.

The bank neither creates nor uses micro-plastics. However, the bank is aware that the vehicles it finances may contribute to the environmental pollution of water and soil by releasing micro-plastics from the tyres during vehicle use. The bank currently feels there to be major uncertainties in the way this should be measured and reported, but aims to develop this ability moving forward.

In the bank's consideration, it does not release any other material amounts of pollutants to air, water or soil beyond the greenhouse gas emissions published in accordance with ESRS E1 Climate change. As a result, this is not measured over time and there are no processes or methods of measurement linked to the pollutants listed in Annex II to Regulation (EC) No 166/2006.

E2-5 – SUBSTANCES OF CONCERN AND SUBSTANCES OF VERY HIGH CONCERN
In the bank's opinion, there are no substances of concern in its services or linked to the services offered by the bank. As a result, no substances of concern leave the bank's premises.

E2-6 – ANTICIPATED FINANCIAL EFFECTS FROM POLLUTION-RELATED IMPACTS, RISKS, AND OPPORTUNITIES
Given the nature of the bank and the companies in the value chain, this disclosure requirement is not considered material.

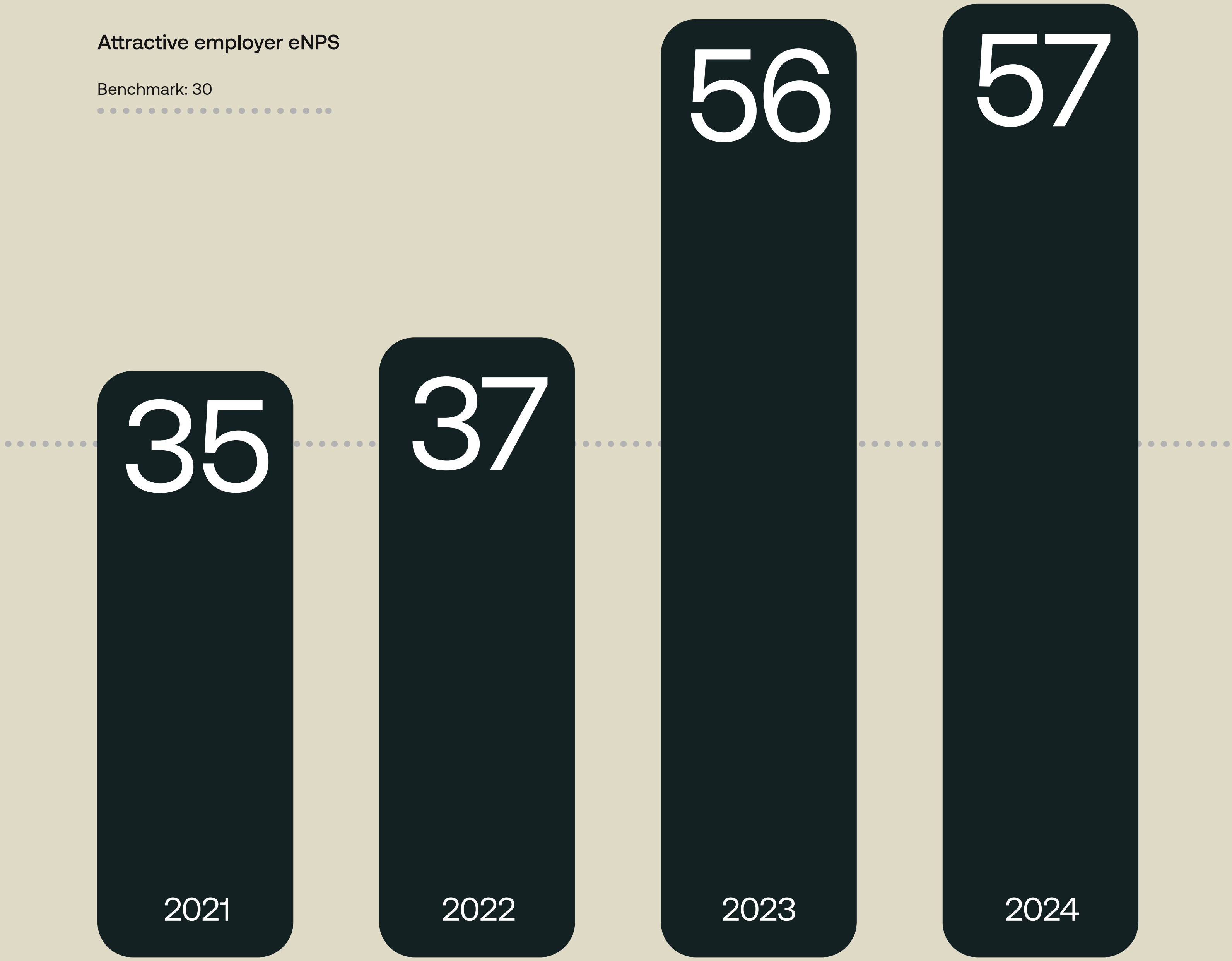
Personnel

At year-end 2024, the bank had 324 (298) employees, of whom 262 (243) were based in Gothenburg. The remainder were employed by our office in Stockholm. The average number of employees was 302 (281), with women outnumbering men in the workforce. There are 7 senior executives, of whom 2 are women.

The bank's annual employee survey shows that the indices for commitment, leadership, management, the organisation and social work environment remain high. The response rate is an impressive 94%, which is better than benchmark. The survey also shows that the eNPS, which measures how attractive the employer is among employees, increased compared to previous years. In a testament to its success as an employer, the bank's score of 57 is far above benchmark (the value ranges from -100 to +100).

Attractive employer eNPS

Benchmark: 30



Because the right skills are a crucial competitive factor in a rapidly changing world, the bank continues to make strategic investments in employee training and development. Personal development and performance dialogues form central tools in individual discussions about objectives and development efforts in which individual development contracts are drawn up. To ensure a high level of expertise in banking, as well as risk and security matters, employees undergo regular e-training. During the year, employees also had the opportunity to attend personal leadership training, breakfast talks and inspirational lectures on topics such as:

- Household finances with Arturo Arques
- Healthy and strong throughout menopause with Monika Björn, and
- Communication and domination techniques with Elaine Eksvärd

Leadership is a priority for the bank. A number of training initiatives were implemented, including monthly leadership forums and an annual leadership conference. In these forums, managers with personnel responsibility are provided the opportunity to meet, exchange experiences and strengthen their leadership.

Because a good work environment is essential for both employee satisfaction and the bank's profitability, the bank provides a healthy, safe workplace that fosters a good work/life balance. Hybrid working has functioned well thanks to the right conditions such as technical aids, new working methods and clear guidelines. This has helped bring about a creative, stimulating and sustainable work environment for staff to thrive and develop in.

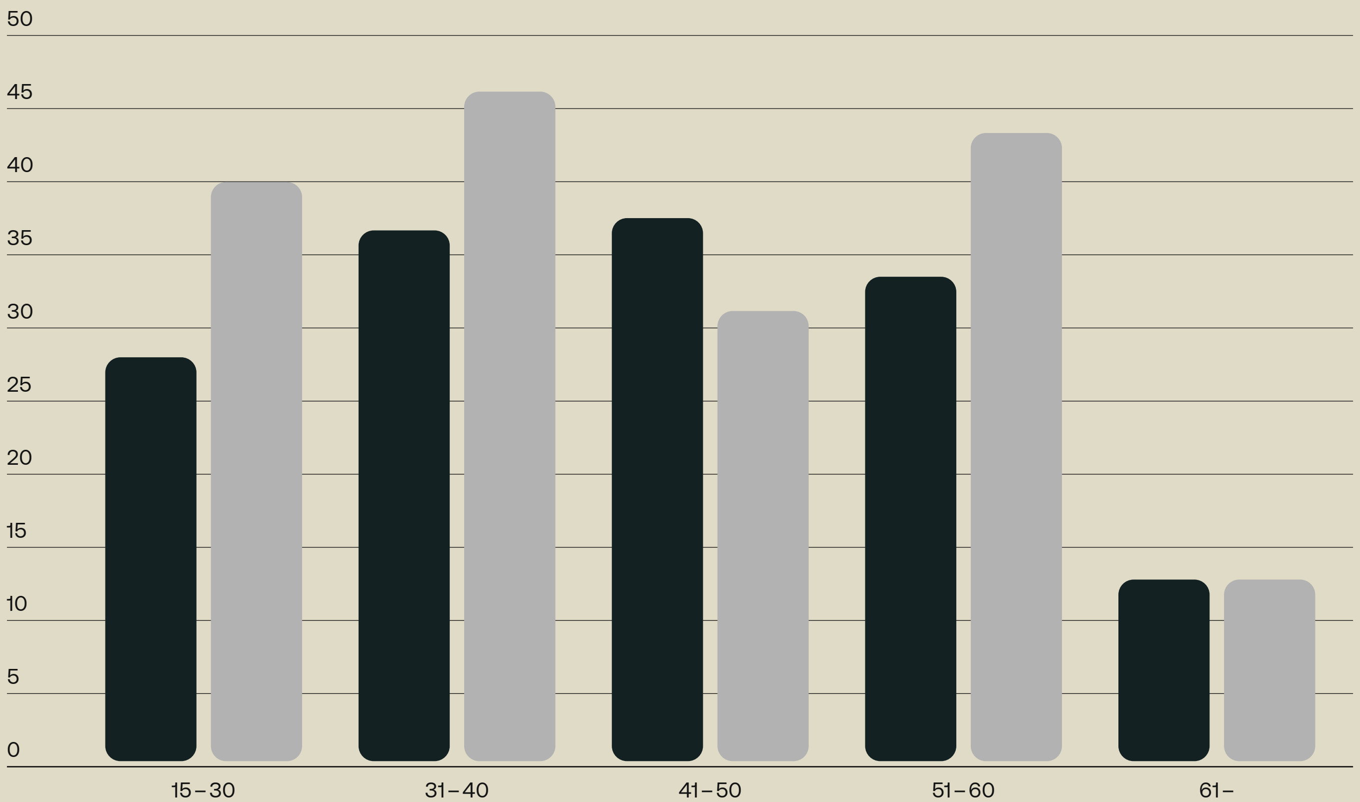
As part of its ongoing occupational health and safety efforts to ensure a safe, secure work environment, Ziklo Bank also focused on issues related to drugs and substance abuse in the workplace. Through its diligent, long-term work, the bank has met the requirements for certification as a Proactive Workplace for the second year in a row (2023 and 2024).

Ziklo Bank rejects all forms of discrimination and harassment. The bank works diligently to foster an inclusive workplace where all employees feel safe, secure and respected.

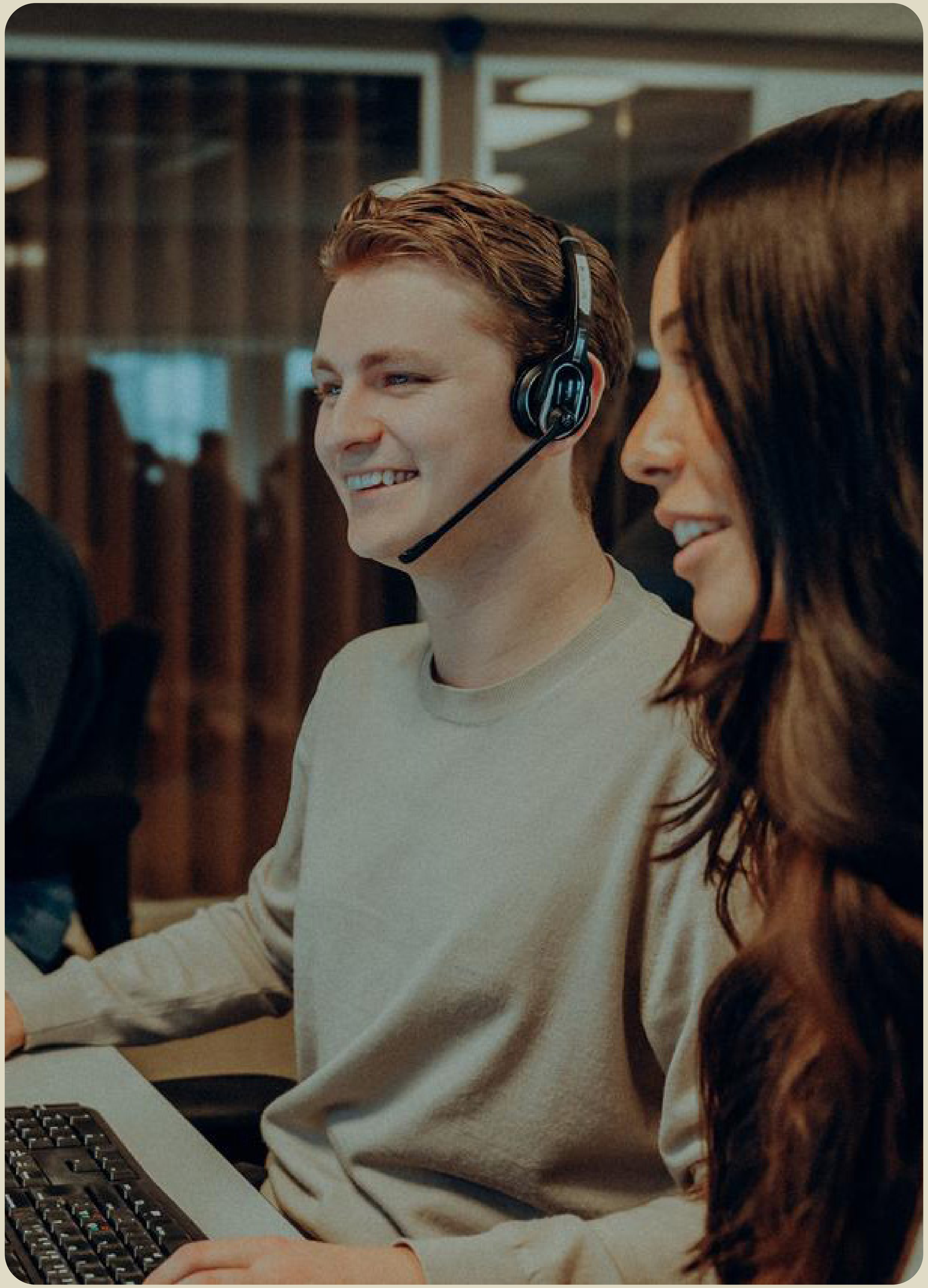
Information on pay and remunerations is provided in Note 12.

Age distribution 2024

Men Women



Introduction



Remunerations

Under Swedish Financial Supervisory Authority regulations, the bank is required to publish information on its remuneration policy and its application at a minimum annually and no later than in conjunction with the publication of the annual report.

PREPARATION AND ADOPTION

The bank's Board has appointed a Remuneration committee from among its members that is tasked with preparing important remuneration decisions and proposing measures for monitoring the application of the current remuneration policy. The Board has appointed Björn Ingemanson as Chairman of the Board, and Per Avander and Johan Ekdahl as members of the Remuneration committee.

An independent control function participates in the process of assessing and evaluating the bank's remuneration system. The control function reports the results of its review to the Board.

RISK ANALYSIS

A risk analysis must be conducted before any resolution can be passed on the adoption of a remuneration policy or on other material changes to the bank's remuneration system. The risk analysis must identify and consider any risks associated with the bank's remuneration policy and remuneration system that could have an adverse effect on the bank's future earnings and financial position. Based on the risk analysis, the bank must identify those employees whose duties have a material effect on the company's risk profile.

SCOPE

The remuneration policy covers all employees of Ziklo Bank AB and is gender neutral.

REMUNERATION MODEL

Remuneration and other terms of employment must be competitive to make sure the bank is able to attract and retain skilled employees able to help with the company's long-term value growth. Remunerations paid by the bank must promote effective risk management and discourage excessive risk-taking. The bank may also decide to reclaim all or part of the variable remuneration paid if it is subsequently shown that the employee, profit centre or bank failed to meet the performance criteria. The bank may also opt not to pay variable remuneration if the bank's financial position deteriorates significantly.

FIXED REMUNERATION

Employees must be offered fixed remuneration that is competitive and has a clear link to responsibility, performance, initiative and collaboration skills. Remuneration must be individual and differentiated. Fixed remunerations are reviewed annually. Pension schemes are payable according to legislation, collective bargaining and by agreement with the bank. The employees may receive the customary benefits as described in the Ziklo Bank personnel manual.

VARIABLE REMUNERATION

In exceptional cases, employees may receive variable remuneration in addition to fixed remuneration.

As a general rule, no variable remuneration is payable to members of the bank's management team. Nor as a rule is it payable to employees who make decisions on credits/limits or who work in the control functions Compliance or Risk control.

Variable remuneration is only paid out to the employee insofar as it is warranted with regard to the company's financial situation and justifiable according to the performance of the company, the business unit concerned and the employee. It must also be possible to cancel the variable remuneration in its entirety for the same reasons.

The Board resolves on the matter following a proposal from the remuneration committee concerning payment of variable remuneration after the case is reviewed by the CEO, Chief People Officer and Chief Risk Officer. The payment of variable remuneration is contingent upon the bank's having made a profit.

DEFERRED REMUNERATION

In the case of employees in positions that have a significant influence on the company's risk profile and who may receive variable remuneration, 50% of the variable remuneration must be withheld until three years after the performance period if the remuneration exceeds SEK 100,000. The bank may pay out deferred remuneration once per year evenly distributed across the period over which the remuneration was deferred. The first payment may not be made until one year after the variable remuneration was resolved upon. Variable remuneration is only paid out to the employee insofar as it is warranted with regard to the company's financial situation and justifiable according to the performance of the company, the business unit concerned and the employee. It must also be possible to cancel the variable remuneration in its entirety for the same reasons.

EXPENSED AMOUNTS

The total amounts of remuneration expensed during the financial year are presented by employee category in the table below.

Employee category*	Fixed remuneration, SEK million	Variable remuneration, SEK million	No. of people w/ fixed remuneration	No. of people w/ variable remuneration
Executive management	15.7	–	7	–
Other employees, incl. miscellaneous employees who can influence the bank's risk level**	179.3	0.1	317	7
Total	**195.0**	**0.1**	**324**	**7**

*The 'Executive management' category consists of the CEO and other members of company management who report directly to the Board or CEO. The category 'Miscellaneous employees who can influence the bank's risk level' comprises people that have been defined as employees whose duties have a material effect on the company's risk profile.

**In accordance with the regulations and general recommendations of the Swedish Financial Supervisory Authority, quantitative information is not provided for employee categories with few individuals. Quantitative information for the 'miscellaneous employees' category is therefore provided together with the 'Other employees' category.

Expensed remunerations for the financial year totalled SEK 195.1 million. Variable remunerations consist entirely of cash. No remuneration is deferred and no variable remuneration has been promised.

No amounts related to severance pay were expensed during the year. No further promises of severance pay or of guaranteed variable remuneration in connection with recruitment have been made.

Appropriation of profits

The bank's Annual General Meeting has at its disposal available profits as per the balance sheet amounting to a total of SEK 1,096 million. The Board proposes a dividend of SEK 191 million to the AGM, corresponding to 25% of the operating profit after standard rate tax for 2024.

Amounts in SEK thousand	2024
Retained earnings	1,095,856
Profit for the year	-
At the disposal of the AGM	**1,095,865**
The Board proposes that the amount be allocated as follows:	
A dividend of SEK 191.49 per share will be paid to shareholders	191,488
Carried forward	904,368
Total	**1,095,856**

Capital base

Under the regulations governing capital adequacy and large exposures, institutions are required at all times to maintain a minimum capital base equal to the sum of the capital requirements for credit risks, credit value adjustment risks, market risks and operational risks, in addition to the calculated capital requirement for additional risks identified in the operations in accordance with the bank's internal capital adequacy assessment process. Following the proposed appropriation of profits, the bank will have a capital base of SEK 6,580 million (6,183) and a minimum capital requirement of SEK 2,552 million (2,194). A specification of the items is presented in the section Risk and capital management.

The Board's assessment is that the bank's equity, as reported in the annual accounts, is adequate in relation to the scope and risk of the operations.

For further information about the bank's earnings and position, see the following income statement, balance sheet and cash flow statement.

Five-year summary

Amounts in SEK million

	2024	2023	2022	2021	2020
Condensed income statement					
Interest income	1,357	1,295	709	544	579
Lease income	7,219	7,262	6,365	6,159	5,836
Interest expenses	-1,676	-1,392	-455	-281	-327
Dividends received	0	0	0	0	0
Commission income	452	421	389	350	360
Commission expenses	-227	-190	-156	-140	-153
Net result from financial transactions	-8	-28	32	10	-3
Other operating income	516	436	312	259	168
Total income	**7,633**	**7,804**	**7,196**	**6,901**	**6,460**
General administrative expenses	-713	-608	-496	-448	-401
Depreciation and impairment of tangible and intangible non-current assets	-5,869	-6,085	-5,847	-5,753	-5,423
Other operating expenses	-63	-78	-55	-31	-46
Credit losses, net	-24	-13	-23	-11	-22
Total expenses	**-6,669**	**-6,784**	**-6,421**	**-6,243**	**-5,892**
Operating profit	**965**	**1,020**	**775**	**658**	**568**
Profit for the year	**-**	**-**	**1,335**	**423**	**122**

Condensed balance sheet					
Treasury bills eligible as collateral etc.	1,684	1,831	1,239	1,586	1,331
Lending to credit institutions	2,660	1,854	1,988	2,234	2,484
Loans and advances to the public	17,796	16,375	16,437	16,872	16,279
Bonds and other interest-bearing securities	2,419	2,211	2,495	1,453	1,826
Shares and participations in associates and other companies	28	22	21	18	17
Intangible non-current assets	41	64	19	19	20
Tangible assets	31,281	26,120	23,431	21,803	21,415
Other assets	2,150	1,315	1,290	1,127	770
Total assets	**58,060**	**49,792**	**46,920**	**45,112**	**44,142**
Borrowing	46,622	39,139	36,835	35,956	35,649
Other liabilities	3,250	3,027	2,923	2,345	2,386
Subordinated liabilities	-	-	400	400	400
Untaxed reserves	6,662	5,698	4,680	5,533	5,039
Equity	1,526	1,928	2,082	878	668
Total liabilities and equity	**58,060**	**47,792**	**46,920**	**45,112**	**44,142**

	2024	2023	2022	2021	2020
Key ratios					
Return on equity, %	11.78	13.60	12.69	11.75	10.94
Deposits / Lending, %	50.53	57.39	57.81	56.36	59.20
Profit / Risk-weighted assets, %	3.02	3.72	3.19	2.96	2.66
Return on total assets, %	1.42	1.84	1.34	1.17	1.01
Total capital ratio, %	20.63	22.55	24.59	23.08	21.91
Common Equity Tier 1 capital ratio, %	20.63	22.55	22.94	21.28	20.04
Interest income / av. lending, %	2.37	2.79	2.09	1.72	1.73
Credit losses / av. lending, %	0.06	0.03	0.06	0.01	0.08
Cost/Income ratio	0.47	0.44	0.45	0.44	0.48
Cost/Income ratio excluding residual value provision	0.43	0.38	0.40	0.41	0.45
Liquidity coverage ratio, %	242	252	210	225	237
Net Stable Funding Ratio (NSFR), %	120	119	118	116	
Leverage ratio, %	11.9	12.8	12.2	10.8	9.8
Average number of employees	302	281	257	249	234

Definitions for alternative key ratios and key ratios according to Swedish rules on capital adequacy can be found at:
https://www.Ziklo.com/om-oss/investerarrelationer/finansiella-rapporter/

Income statement

Amounts in SEK thousand

1 January – 31 December	Note	2024	2023
Operating income			
Interest income	5	1,357,096	1,295,344
of which income calculated using the effective interest method		(1,339,627)	(1,272,487)
Lease income	6	7,218,542	7,261,825
Interest expenses	5	-1,675,910	-1,392,004
Dividends received	7	86	35
Commission income	8	452,474	421,042
Commission expenses	9	-227,360	-190,127
Net result from financial transactions	10	-7,548	-27,715
Other operating income	11	516,083	435,555
Total operating income		**7,633,462**	**7,803,954**
Operating expenses			
General administrative expenses	12	-713,034	-607,740
Depreciation and impairment of tangible and intangible non-current assets	13	-5,868,984	-6,085,497
Other operating expenses	14	-62,780	-77,783
Total expenses before credit losses		**-6,644,798**	**-6,771,020**
Profit before credit losses		**988,663**	**1,032,934**
Credit losses, net	15	-24,650	-12,621
Impairments/Reversals of financial fixed assets, net	15	662	-214
Operating profit		**964,676**	**1,020,099**
Appropriations	16	-964,039	-1,017,742
Tax on profit for the year		-638	-2,357
Profit for the year*		–	–

*Profit for the year is the same as comprehensive income for the year.

Balance sheet

Assets	Note	31/12/2024	31/12/2023
Treasury bills eligible as collateral etc.	18	1,684,154	1,830,992
Lending to credit institutions	19	2,660,161	1,854,022
Loans and advances to the public	20	17,795,682	16,375,052
Bonds and other interest-bearing securities	21	2,419,068	2,210,625
Shares and participations in other companies	22	10,271	6,618
Shares and participations in associated companies	22	11,115	8,258
Shares and participations in Group companies	23	6,742	6,742
Intangible non-current assets	24	41,451	64,018
Tangible assets: inventory	25	2,450	2,181
Tangible assets: lease items	25	31,244,548	26,086,832
Tangible current assets	25	33,639	30,853
Other assets	26.27	2,062,428	1,220,211
Prepaid expenses and accrued income	28	88,173	95,373
Total assets		**58,059,881**	**49,791,778**
Liabilities and equity			
Liabilities to credit institutions	29	3,402,381	1,295,238
Deposits and borrowing from the public	30	24,779,095	24,368,947
Securities issued	29	18,441,029	13,475,047
Other liabilities	27.31	1,500,558	1,437,125
Accrued expenses and deferred income	32	1,749,162	1,589,314
Total liabilities		**49,872,224**	**42,165,670**
Untaxed reserves	33	6,661,700	5,697,661
Equity	34		
Restricted equity:			
Share capital, (1,000,000 shares, quota value of SEK 400)		400,000	400,000
Statutory reserve		20,000	20,000
Development fund		10,101	15,568
Non-restricted equity:			
Retained earnings		1,095,856	1,492,879
Profit for the year		–	–
Total equity		**1,525,957**	**1,928,447**
Total liabilities and equity		**58,059,881**	**49,791,778**

Change in equity

Amounts in SEK thousand

	Restricted equity			Non-restricted equity	
	Share capital	Statutory reserve	Development fund	Retained earnings incl. profit for the year	Total equity
Opening equity, 1 January 2023	400,000	20,000	19,224	1,642,825	2,082,049
Profit for the year	–	–	–	-	-
Capitalisation of development expenditures	–	–	7,872	-7,872	–
Dissolution resulting from development expenditure depreciations for the year	–	–	-11,528	11,528	–
Total change 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
Opening equity, 1 January 2024	400,000	20,000	15,568	1,492,879	1,928,447
Profit for the year	–	–	–	–	–
Capitalisation of development expenditures	–	–	2,547	-2,547	–
Dissolution resulting from development expenditure depreciations for the year	–	–	-8,014	8,014	–
Total change before transactions with shareholders	400,000	20,000	10,101	1,498,346	1,928,447
Dividend	–	–	–	-402,490	-402,490
Closing equity, 31 December 2024	400,000	20,000	10,101	1,095,856	1,525,957

Cash flow statement

Amounts in SEK thousand

	2024	2023
Operating profit	964,676	1,020,099
Adjustment for items not included in cash flow		
Unrealised portion of net result from financial transactions	-6,992	-27,715
Depreciations, amortisation, impairments	5,869,020	6,093,918
Credit losses	24,649	12,621
Paid/refunded (-/+) tax	-25,681	-250
Changes to assets and liabilities in operating activities		
Treasury bills eligible as collateral	146,838	-592,099
Loans and advances to the public	-1,445,162	49,683
Disposal of tangible assets	6,392,651	5,411,533
Acquisition of tangible assets	-17,397,327	-14,182,866
Bonds and other interest-bearing securities	-208,444	284,868
Deposits and borrowing from the public	410,148	1,324,482
Liabilities to credit institutions	2,107,143	-111,905
Other assets	-810,089	-27,955
Securities issued	4,965,982	1,091,602
Other liabilities	230,274	131,101
Cash flow from operating activities	**1,217,686**	**477,117**
Investing activities		
Capitalised development expenditures	-2,547	-56,322
Investments in shares and participations	-9,628	-4,270
Disposal/redemption of shares and participations	3,118	3,626
Cash flow from investing activities	**-9,057**	**-56,966**
Financing activities		
Subordinated liabilities	-	-400,000
Dividends paid	-402,490	-153,602
Cash flow from financing activities	**-402,490**	**-553,602**
Cash flow for the year		
Cash and cash equivalents at beginning of year	1,854,022	1,987,473
Cash flow from operating activities	1,217,686	477,117
Cash flow from investing activities	-9,057	-56,966
Cash flow from financing activities	-402,490	-553,602
Cash and cash equivalents at year-end; see Note 40	**2,660,161**	**1,854,022**

Notes

Notes

Notes

Notes to the income statement and balance sheet. Unless otherwise specified, amounts are stated in SEK thousand. Ziklo Bank AB, hereinafter 'the bank', operates in the Swedish market.

NOTE 1. Information about the bank

The annual report was submitted on 31 December 2024 and refers to Ziklo Bank AB ('the bank'), a Swedish-registered credit institution based in Gothenburg. The address of the head office is Bohusgatan 15, Box 198, SE-401 23 Gothenburg, Sweden.

The bank is 50% owned by the Swedish Volvo dealerships through the holding company AB Volverkinvest and 50% owned by Volvo Personvagnar AB. The bank conducts sales finance and credit card operations.

Under chapter 7, section 6a of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, the bank does not prepare consolidated accounts as activities in subsidiaries are negligible.

NOTE 2. Risk and capital management

BACKGROUND

Ziklo Bank AB (publ), Company registration number 556069-0967, is subject to EU Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

The regulations have been incorporated into Swedish law, with the addition of a large number of regulations and general recommendations issued by the Swedish Financial Supervisory Authority (FSA).

This annual report provides the information required under the aforementioned laws and regulations.

In the spring of 2011, the FSA approved the bank's IRB application for permission to use the internal ratings-based (IRB) approach for calculating capital requirements for credit risk for the retail portfolio and non-credit obligation assets exposures. Three years later, in the spring of 2014, the FSA approved the bank's application for permission to also apply internal models for the bank's corporate exposures. The bank has been granted a permanent exemption to use the standardised approach for exposures to the Swedish State, the Swedish National Bank and Swedish municipalities as well as for the exposure categories sovereign and institutional exposures and portfolios that are insignificant in size, including equity exposures.

RISK MANAGEMENT

Various types of risk arise from the bank's operations, such as credit risks, interest risks, liquidity risks and operational risks. For the purpose of limiting and controlling risk-taking in the business, the company's Board, which is ultimately responsible for internal controls in the company, has adopted policies and instructions for the granting of credit and other operations. Overall responsibility for the company's risk management resides with the bank's Board. In a specific instruction that applies under certain frameworks, the board has delegated responsibility to various other functions, which in turn report regularly to the Board. The bank's risk management seeks to identify and analyse the risks that arise in the course of its operations, and to define appropriate limits for such risks and make sure the required internal controls are in place. The risks are monitored and regular checks made to ensure limits are not exceeded. Risk policies and risk management systems are reviewed regularly to make sure they are correct and reflect current market conditions as well as the products and services offered. The bank creates the basis for good risk control through training and clear processes, making sure each employee understands his or her role and responsibility.

The bank has a central function for independent risk control that reports directly to the CEO. The risk control function is tasked with analysing changes in the risks and, where necessary, proposing changes to policies and processes. The function is responsible for the design, implementation, reliability and monitoring of the bank's risk classification system.

RISK STRATEGY

The bank's risk strategy and risk appetite have to:

- serve as policy instruments for achieving the company's strategic objectives
- take account of the bank's unique business model in the Swedish Volvo system
- take account of the bank's desire to be perceived as the 'Mobility Bank'
- be appropriate for the bank's various business areas, i.e. Cars, Fleet and Trucks
- be systematic, structured and characterise the entire organisation

The bank has identified the following risk categories as the most significant for meeting the bank's strategic objectives:

- Credit risk
- Operational risk (including ICT-related risk)
- Concentration risk (credit risk)
- Interest rate risk
- Counterparty risk
- Liquidity risks
- Reputational risk
- Strategic risk
- Residual value risk
- Sustainability-related risk

The bank's overall risk strategy is based on continuous analysis of the various risk factors to which it is exposed through its activities. These risks can be broadly divided into:

- risks that the bank is willing to accept, as they can contribute to higher returns or goal achievement
- risks that the bank seeks to minimise, as they cannot be expected to contribute to higher returns or goal achievement

The first category includes credit risk, concentration risk (credit risk) and residual value risk, which the bank seeks to optimise within the risk appetite defined by the Board for the achievement of its strategic objectives.

Operational risk, interest rate risk, counterparty risk, reputational risk, liquidity risk, strategic risk and sustainability-related risk belong to the second category, for which the bank has little risk appetite. Operational risk includes compliance risks such as money laundering, legal risks and ICT risk, including third-party ICT risk. The costs of managing these risks must be proportionate to the direct or indirect loss that could occur were the risk to materialise.

The bank's risk strategy is an important part of its business strategy. The bank's position as a mobility bank split into the different business areas in the Swedish Volvo system goes hand-in-hand with the optimum management of credit risk and residual value risk, as these benefit owners, customers and partners while defending the bank's position and its role in the system. Similarly, the low appetite for other risks is only natural, as they do not contribute to higher goal achievement but rather risk lower goal achievement, bearing in mind the role the bank plays in the Swedish Volvo system. Thus the bank follows its strategic target for return on equity as a measure of risk appetite.

All risks must be managed both preventively and reactively through good risk management in the first line of defence as well as through good risk control in the second line of defence. The risk control function is responsible for ensuring that all risks are monitored and controlled regularly and that they remain within the defined risk appetite.

The bank's risk management must be characterised by preventive measures designed to prevent or limit risks and any harm. In the products and services offered by the bank, the associated risks must be weighed against the expected return, as far as financially justifiable. The bank must use and integrate the results of its internal capital and liquidity adequacy assessment processes (ICAAP and ILAAP) to achieve good profitability while maintaining an acceptable level of risk. Important business decisions must consider the potential consequences from a risk and capital perspective.

RISK APPETITE

The bank's overall measures of risk appetite are made up of capital ratios and return on equity. The bank's Common Equity Tier 1 capital ratio must total at least 14.0%, and the target for the total capital ratio is 18.5%.

Credit risk

Credit risk refers to the risk deemed to exist at any given time through the failure by the bank's counterparties, for whatever reason, to fulfil their contractual obligations in respect of payment. Such contracts may refer to various forms of monetary loans, leases, guarantees, investments or derivatives contracts.

The Board has overall responsibility for the bank's credit risk exposure. In a specific instruction that applies under certain frameworks, the board has delegated responsibility to various executives.

The bank's lending is characterised by the highest standards of ethics, quality and control. Although credit risk is a major risk exposure, the bank's credit losses have been very small in relation to the outstanding loan volume.

Credit risk is assessed using the credit assessment tool, VF Score. VF Score is a proprietary internal risk classification tool where externally provided financial information, along with internal credit information about the customer, is processed through scorecards and regulations developed in-house to generate a risk classification of the customer. Based on the scorecard and regulations, the tool produces a credit recommendation that is either: approve, review or reject. A credit decision is then made based on the recommendation and other information known about the customer, i.e. credit is either approved or rejected by a loan officer with the right to grant credit under the instructions of the unit concerned.

The granting of credit where the bank assumes a direct counterparty risk mainly comprises fleet finance, through finance or operating leases, for Swedish enterprises. Because the focus is on credit quality, the bank only concludes contracts with financially stable companies, following a thorough credit assessment. Credit customers must be of such high quality that credit losses can be kept at a low level. Credit volume may never be achieved at the cost of credit quality. The bank also has its own proprietary scorecard and regulations in VF Score for the assessment of major companies.

The bank's procedures for monitoring past-due payments and unsettled receivables seek to minimise credit losses by the early detection of payment problems among borrowers with the subsequent rapid management of demand cases. Overdue debts are monitored e.g. with the help of specific demand processes which automatically monitor outstanding debts and issue reminders when a demand measure needs to be taken.

CREDITS WITH DEFERMENTS OR RENEGOTIATED CONDITIONS

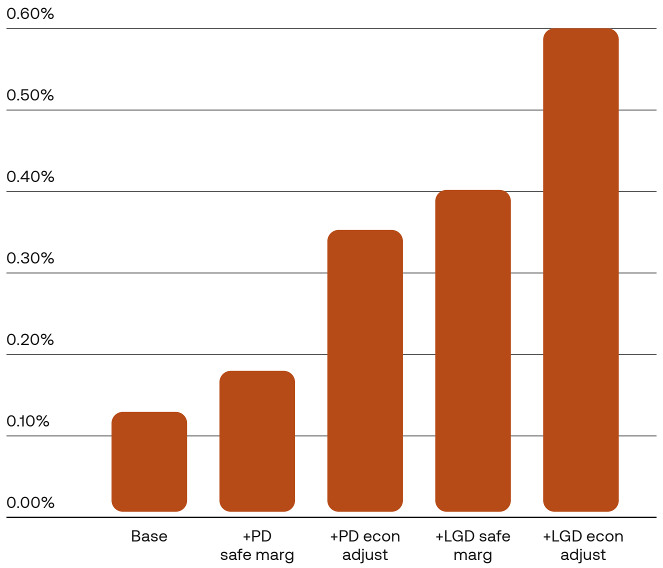
Contracts are sometimes renegotiated with customers, which may e.g. involve amortisation-free payments for a limited period. In conjunction with the renegotiation of an agreement, an assessment is made of the customer's long-term ability to pay. The assessment includes both the customer's financial situation and a valuation of the financed asset. As of 31 December 2024, the total amount of principal regarding credits under forbearance measures was SEK 94.6 million (85.7).

There are no contracts for which the principal has been written down or remission of interest agreed with the borrower.

QUANTIFYING CREDIT RISKS

The bank's own estimates of risk parameters are quantified under the bank's internal ratings-based (IRB) system. These risk estimates are used for granting credit, capital adequacy and risk management. The IRB method is based on three different risk parameters: probability of default (PD), loss given default (LGD) and exposure at default (EAD). A conversion factor (CF) is also estimated for calculating EAD for off-balance sheet exposures. Statistical scoring models have been used for retail exposures (private individuals and SMEs) since January 2007, while the expert-based model introduced in late 2007 for corporate exposures (companies with sales of more than SEK 500 million or exposures with the bank of more than SEK 8 million) was replaced by a statistical model on 1 May 2023.

Default risk for retail exposures is estimated individually for each exposure using statistical risk models, which form part of the bank's risk modelling techniques. Based on the individual risk estimate, each exposure is assigned to a risk category in the PD dimension. A risk category consists of a number of exposures with similar risk profiles and risk levels, that have undergone a standardised risk process. The bank refers to this process as risk classification. Product categories are used in the LGD and EAD risk dimensions. As regards the LGD dimension, there is an underlying risk category structure for certain products based, for example, on the loan-to-value ratio. An estimate is made of the potential loss in the financing portfolio for each end customer, even though the bank has concluded a recourse agreement with each dealer. Under the recourse agreement, the dealer takes over receivables for which payment is more than 180 days overdue. Largely due to this business model, the bank has incurred negligible credit losses in these portfolios. For each risk category or product category a risk estimate is calculated that describes the average risk for the category. The risk estimates for the risk category include a safety margin that is designed to take account of uncertainty in the data, data quality and data access. The risk estimates for the risk category are adjusted to reflect economic conditions. PD must reflect the business cycle average while LGD/CF must reflect a period of low economic activity. The bank defines the period from the early 1990s onwards as a full business cycle. The method used by the bank to adjust risk estimates in the PD dimension to changes in economic conditions is designed to keep PD in each IRB sub-portfolio at a constant level. This means the adjustment factor changes over time, with the limitation that it is never permitted to fall below 1. The crisis years in the early 1990s are used as a benchmark for an adverse economic environment. The bank refers to this process as risk category estimation. All of the bank's models meet the regulatory requirement of at least five years of outcome data. In its risk category estimation the bank has made very conservative assumptions and applied wide safety margins for its basic estimates as well as estimates that have been adjusted for economic conditions. This is to make sure estimates used in determining capital requirements do not result in the underestimation of the credit risk. The following chart provides an overview of how expected loss (EL) for the bank's retail exposures is affected by the adjustments that are made in the PD and LGD dimensions. The chart shows that the final estimate is more than 100% larger than the basic estimate.



COMPARISON WITH EXTERNAL RATING INSTITUTIONS

The relationship between the rating made by an external credit rating agency (Standard & Poor's) and the bank's own risk categories in the PD dimension are presented in the table below. The comparison is indicative only and is not intended to represent any fixed relationship between the bank's internal risk categories and Standard & Poor's rating.

Internal risk category	Indicative rating according to Standard & Poor's
1	AAA to A
2	BBB
3	BB
4–6	B
7	CCC/C
Default	D

AVERAGE RISK WEIGHTING PER EXPOSURE CATEGORY

Retail exposures

The table below shows the average risk weighting by risk category for retail exposures ('Other' sub-group). The table shows reported exposures for each risk category (balance excl. limit) as well as the exposure amount, taking account of the conversion factor (CF).

Risk category	Exposure memorandum item	Exposure amount	Risk-weighted amount	Risk weighting in %
1	5,478,712	8,871,706	756,014	8.52
2	5,633,010	8,587,497	1,070,754	12.47
3–4	7,478,602	9,062,958	1,721,065	18.99
5–6	3,589,476	3,736,471	1,337,532	35.80
7	802,054	841,740	526,040	62.49
Defaulted	188,831	188,831	196,021	103.81
Total	**23,170,687**	**31,289,202**	**5,607,426**	**17.92%**

Excluding the effect of credit risk protection, the total for all retail exposure amounts is SEK 32.8 billion rather than SEK 31.3 billion, as shown in the table. In the higher amount, CF was calculated at 100% while the lower amount is based on a CF of 87.0% for private customers and 84.5% for corporate customers.

Corporate exposures

The table below shows the average risk weighting by risk category for corporate exposures, using the basic internal method.

Risk category	Exposure memorandum item	Exposure amount	Risk-weighted amount	Risk weighting in %
1	5,344,455	5,363,888	2,582,084	48.14
2	3,987,034	4,008,021	2,837,643	70.80
3–4	4,602,046	4,605,115	4,434,135	96.29
5–6	896,619	896,619	1,284,204	143.23
7	56,040	56,040	96,955	173.01
Defaulted	115,812	115,812	0	0.00
Total	**15,002,006**	**15,045,495**	**11,235,020**	**74.67%**

Excluding the effect of credit risk protection, the total for all corporate exposure amounts is SEK 15.42 billion rather than SEK 15.05 billion, as shown. The higher amount includes certain off-balance sheet commitments.

Validation

One of the most important elements of internal risk classification is validation of the system. Validation is carried out at least once a year, and responsibility for the validation process and implementation resides with the risk control function.

The validation process must include a documented qualitative analysis and assessment of the design and use of the risk classification system. A quantitative validation is conducted into the accuracy of the models and measures are taken to make sure no systematic deviations occur. Validation results and conclusions are reported to the Board.

The table below shows predictions and outcomes (EL and LGD are exposure-weighted averages while PD is quantity-weighted for retail exposures and counterparty-weighted for corporate exposures). The significant difference between predictions and outcomes is due to the conservative assumptions used by the bank in developing the model.

Predictions and outcomes for IRB approved exposures	EL	PD		LGD	
Exposure category	Prediction	Prediction	Actual	Prediction	Actual
Retail Other, %	0.64	0.90	0.49	33	15
Corporate, %	0.65	1.72	1.86	45	N/A*

*Prescribed values for LGD are used for corporate exposures (basic internal method).

Additional uses of the risk classification system

The risk classification system forms an integral part of governance, the credit process, risk management and internal capital allocation. The bank also uses the system for impairments and risk-adjusted pricing.

EXPECTED CREDIT LOSSES (ECL)

Similarities and differences between IRB and ECL

In general, the estimates of PD, LGD and CF used for ECL are adjusted to the forward-looking macro economy while estimates used for capital requirement calculation / IRB are adjusted to reflect economic decline and are subject to safety margins.

The common denominator for PD is that the same models are used for ECL and IRB to allocate a risk category and a PIT PD. The PD that will be used for ECL is adjusted to the current macro economy, while the PDs used for IRB are first adjusted to a long-term average value that includes years of economic decline and is then subject to safety margins for various data gaps.

In the case of LGDs, the LGDs used for ECL reflect reported losses while the LGDs used for IRB must regard the economic loss, which means that indirect costs must be included in LGDs used for IRB but not in LGDs used for ECL. In the case of financing products, the bank has a right of recourse for transferred contracts, which means the dealer bears the credit risk, and for such contracts a very small standard LGD is used in the ECL calculation. In the context of IRB, the bank cannot refer to the right of recourse in LGD modelling, but must calculate the loss that arises as regards the cash flow from the end customer, i.e. the borrower or lessee, or with the recovery and sale of vehicles belonging to a failed contract.

The table below shows the LGD intervals and PD funds if the credits are in stage 1.

Product	LGD (%)	Mean PD (%)
Open credits	54–71	0.50
Interest-bearing securities	27–49	0.03
Own financing agreements	11–14	0.89
Financial agreements transferred	<1*	1.57

*Transferred financing agreements are those where dealers and not Ziklo Bank bear the credit risk. LGD values when calculating expected credit losses for such agreements are therefore low.

The bank's ECL model calculates expected losses as the product of the parameters PD, LGD and EAD, i.e. the probability of default, the loss rate at default and the exposure at default. The bank's exposures are divided into the sub-portfolios of large companies, retail and securities. Different models are used for PD, LGD and EAD depending on the sub-portfolio. Any anticipated loss is discounted at the effective interest rate at the time of the provision. To adapt ECL to forward-looking macroeconomics, PD is adjusted by a factor and weights calculated based on unemployment forecasts by the National Institute of Economic Research (8.5% in 2025) or GDP change (1% in 2025), depending on the portfolio. Risk category jumps and indicators of payment difficulties are used together with the 30-day late payment rule in IFRS 9 to determine whether an exposure presents a significant increase in credit risk (SICR). If an exposure has a significant increase in credit risk, ECL is calculated on a horizon that is the expected remaining life of the contract, which is arrived at by extrapolating PD and discounting adapted to the more distant horizon. In the case of exposures falling due, ECL is calculated on the horizon of the expected remaining lifetime. The definition of the default is in line with CRR EU 575/2013, Article 178.

Model change

The macroeconomic variables used for forward-looking purposes and scenario construction were updated on 30 June 2024. Based on correlation analyses between historical default rates and macroeconomic variables, the unemployment forecast was replaced by a change in forecast GDP as a macroeconomic variable for the portfolio for large companies. No changes were made for retail exposures and securities. As before, unemployment forecasts are used in this case. In addition to this, a minor change was made in the method used for adjusting PD to forward-looking macroeconomics.

In 2023, work was undertaken to align the IRB models as far as possible with the ECL models instead of having separate PD models for IRB and ECL, as was the case earlier. The PD values used for ECL are obtained from a model into which the values of different risk drivers are entered and a PIT PD is the output. This PIT PD is then adjusted to the forward-looking macro economy by multiplying it with a factor whose value depends on the current unemployment forecast.

The model change does not only apply to PD, but also LGD and CF, and will take place in two stages where the first stage mainly concerns PD. The reason for splitting the change into two stages is that the IRB remodelling takes place in two stages where the PD models are approved by FI, while the models for LGD and CF are still being developed. When the updated IRB models for LGD and CF are approved, they will also be used for ECL.

Credit lending broken down by credit rating and value of collateral

The table below shows the bank's gross and net credit lending by credit rating in order to create an understanding of the bank's credit risk concentrations. This information is then followed by a further table also showing the bank's collateral per financial instrument.

CREDIT LENDING BY CREDIT RATING OF FINANCIAL ASSETS AND LOAN COMMITMENTS

31/12/2024	Stage 1	Stage 2	Stage 3 (not purchased or issued credit impaired)	Total
Treasury bills eligible as collateral etc.				
AAA to AA	1,684,486	-	-	1,684,486
Loss provisions	332	-	-	332
Total carrying amount	**1,684,154**	**-**	**-**	**1,684,154**
Loans and advances to the public				
Low risk	7,993,096	32,514	-	8,025,610
Normal risk	6,439,584	42,487	-	6,482,071
Heightened risk	1,871,388	40,975	-	1,912,363
High risk	412,270	821,467	-	1,233,737
Defaulted	-	-	176,394	176,394
Loss provisions	5,823	15,417	13,253	34,493
Total carrying amount	**16,710,515**	**922,026**	**163,141**	**17,795,682**
Bonds and other interest-bearing securities				
AAA to AA	1,455,112	-	-	1,455,112
A+ to A-	787,893	46,846	-	834,739
Withdrawn rating	129,351	-	-	129,351
Loss provisions	123	11	-	134
Total carrying amount	**2,372,233**	**46,835**	**-**	**2,419,068**
Tangible assets: lease items				
Low risk	17,580,176	160,170	-	17,740,346
Normal risk	9,492,747	77,068	-	9,569,815
Heightened risk	2,447,043	54,617	-	2,501,660
High risk	746,179	812,384	-	1,558,563
Defaulted	-	-	216,696	216,696
Loss provisions	5,534	944	2,761	9,239
Total carrying amount	**30,260,611**	**1,103,295**	**213,935**	**31,577,841**
Other financial assets				
Low risk	332,411	154,567	-	486,978
Normal risk	105,683	7,289	-	486,978
Heightened risk	13,250	1,245	-	14,495
High risk	670	3,420	-	4,090
Defaulted	-	-	3,361	3,361
Loss provisions	277	83	2,631	2,941
Total carrying amount	**451,787**	**166,438**	**730**	**618,955**
Total gross carrying amount for financial assets appraised at amortised cost	**51,491,339**	**2,255,049**	**396,451**	**54,142,839**
Total loss provisions	**12,039**	**16,455**	**18,645**	**47,139**
Total carrying amount	**51,479,300**	**2,238,594**	**377,806**	**54,095,700**

31/12/2023	Stage 1	Stage 2	Stage 3 (not purchased or issued credit impaired)	Total
Treasury bills eligible as collateral etc.				
AAA to AA	1,831,810	-	-	1,831,810
Loss provisions	-818	-	-	-818
Total carrying amount	**1,830,992**	**–**	**–**	**1,830,992**
Loans and advances to the public				
Low risk	7,863,147	8,184	-	7,871,331
Normal risk	5,420,253	29,470	-	5,449,723
Heightened risk	1,762,840	42,496	-	1,805,336
High risk	386,696	782,920	-	1,169,616
Defaulted	-	-	104,257	104,257
Loss provisions	-5,241	-15,675	-4,295	-25,211
Total carrying amount	**15,427,695**	**847,395**	**99,962**	**16,375,052**
Bonds and other interest-bearing securities				
AAA to AA	1,355,627	-	-	1,355,627
A+ to A-	855,309	-	-	855,309
Loss provisions	-311	-	-	-311
Total carrying amount	**2,210,625**	**-**	**-**	**2,210,625**
Tangible assets: lease items				
Low risk	15,974,638	59,378	-	16,034,016
Normal risk	6,805,140	66,899	-	6,872,039
Heightened risk	1,797,932	36,159	-	1,834,091
High risk	605,582	787,100	-	1,392,682
Defaulted	-	-	220,325	220,325
Loss provisions	-3,291	-664	-1,378	-5,333
Total carrying amount	**25,180,001**	**948,872**	**218,947**	**26,347,820**
Other financial assets				
Low risk	340,247	131,331	-	471,578
Normal risk	77,963	9,246	-	87,209
Heightened risk	10,228	215	-	10,443
High risk	705	1,764	-	2,469
Defaulted	-	-	2,524	2,524
Loss provisions	-174	-55	-312	-541
Total carrying amount	**428,969**	**142,501**	**2,212**	**573,682**
Total gross carrying amount for financial assets appraised at amortised cost	**45,088,117**	**1,955,162**	**327,106**	**47,370,385**
Total loss provisions	**-9,835**	**-16,394**	**-5,985**	**-32,214**
Total carrying amount	**45,078,282**	**1,938,768**	**321,121**	**47,338,171**

MAXIMUM EXPOSURE TO CREDIT RISK AND VALUE OF COLLATERAL FOR ASSETS THAT ARE SUBJECT TO LOSS PROVISIONS IN ACCORDANCE WITH IFRS 9

Credit exposure, gross and net, 31/12/2024 SEK thousand	Credit risk exposure (before impairment loss)	Loss provisions	Carrying amount	Value of securities
Treasury bills eligible as collateral etc.				
AAA to AA	1,684,486	-332	1,684,154	-
Total	**1,684,486**	**-332**	**1,684,154**	**-**
Loans and advances to the public				
Lending against collateral of:				
Vehicles	17,830,175	-34,493	17,795,682	15,514,994
Total	**17,830,175**	**-34,493**	**17,795,682**	**15,514,994**
Bonds and other interest-bearing securities				
AAA till A-	2,289,851	-134	2,289,717	-
Withdrawn rating	129,351	-	129,351	-
Total	**2,419,202**	**-134**	**2,419,068**	**-**
Tangible assets: lease items				
Lending	31,587,080	-9,239	31,577,841	20,373,735
Total	**31,587,080**	**-9,239**	**31,577,841**	**20,373,735**
Other assets				
Accounts receivable	621,896	-2,941	618,955	-
Total	**621,896**	**-2,941**	**618,955**	**-**
Issued loan commitments	10,035	-	-	-
Total credit risk exposure	**54,152,874**	**-47,139**	**54,095,700**	**35,888,728**

Credit exposure, gross and net, 31/12/2023	Credit risk exposure (before impairment loss)	Loss provisions	Carrying amount	Value of securities
Treasury bills eligible as collateral etc.				
AAA to AA	1,831,810	-818	1,830,992	-
Total	**1,831,810**	**-818**	**1,830,992**	**-**
Loans and advances to the public				
Lending against collateral of:				
Vehicles	16,400,263	-25,211	16,375,052	13,959,916
Total	**16,400,263**	**-25,211**	**16,375,052**	**13,959,916**
Bonds and other interest-bearing securities				
AAA till A-	2,210,936	-311	2,210,625	-
Total	**2,210,936**	**-311**	**2,210,625**	**–**
Tangible assets: lease items				
Lending	26,353,153	-5,333	26,347,820	17,958,638
Total	**26,353,153**	**-5,333**	**26,347,820**	**17,958,638**
Other assets				
Accounts receivable	574,223	-541	573,682	-
Total	**574,223**	**-541**	**573,682**	**-**
Issued loan commitments	10,249	-	-	-
Total credit risk exposure	**47,380,634**	**-32,214**	**47,338,171**	**31,918,554**

The bank's collateral for loans and advances to the public consists of transferred car and truck loans, and when lending for lease items it consists of transferred car and truck leases, where there are recourse agreements with dealers. On 31 December 2024, the bank had no financial instruments for which the loss provision had been reported as zero due to collateral received.

For maximum exposure to credit risk for financial assets that are not subject to loss provision, including derivatives and related collateral, see Note 36.

Future regulations

Basel IV: The regulations will be implemented at different times; with regard to models etc., the new IRB rules came into force on 1 January 2022. A capital floor of 72.5% will be phased in over a five-year period, 2025–2030. Basel IV includes: Changes to the existing standardised approach, revised IRB regulations, capital floor, market risk (new capital requirement rules), operational risk (new capital requirement method, replaced by the EU Banking Package; see below) and changes in counterparty risk, securitisation and CVA risk. The new proposals for changed IRB rules are aimed, among other things, at reducing complexity, improving comparability and managing differences in capital requirements. The Basel Committee limits, inter alia, the IRB approach for bank exposures, large companies and equity exposures. It also wants to limit the use of IRB for special lending exposures and certain counterparty risk and introduce floors for PD, LGD and CF. In the long term, the rules impose limits as to how low a risk weight a bank may use when calculating its capital requirements. However, as the requirements will be introduced gradually, it will take time before they reach full effect.

As for the bank, it is difficult to predict precisely where the new capital ratio will end up after 2024, as the new LGD and CF models have not yet been approved by the FSA. The bank will also introduce a number of voluntary changes in 2025, given the banking package. This means the bank will use fair values as maturity when calculating the weight for risk in its corporate financing portfolio, and that it will begin using the items as acceptable collateral in the same portfolio. This will result in a lower risk-weighted amount for the bank's corporate exposures in the years ahead.

The effect of changes to the existing standardised approach and other changes will not affect the bank's capital requirements until 2028 with the gradual phasing-in of the capital floor. The Board is informed as to how the upcoming Basel framework will affect the bank's future capital situation.

OPERATIONAL RISK

Under the banking package, which comes into force in 2025, the existing method for calculating the capital requirement for operational risk will be replaced by a new standardised method. The bank has used the new standardised approach when calculating the capital requirement for operational risk in LTP. The bank's calculations show a lower capital requirement when using the new standardised approach.

CRD6 concerns supervisory powers, sanctions, third-country branches, the environment, social responsibility and governance risks and ensures compliance with requirements to include ESG-related risks in the governance and risk management of banks under EU law.

EU Member States will have to incorporate the requirements of CRD6 into national law, and apply them by 11 January 2026. The key components of CRD6 are:

- Supervisory powers and sanctions: Stronger supervisory powers for regulators to impose sanctions and corrective measures.
- Third country branches: More stringent requirements for third-country banks seeking to operate in the EU, to ensure their compliance with EU standards.
- ESG risks: To be included in the banks' short, medium and long term processes for the internally assessed capital requirement. The supervisory authority may require banks to reduce risks related to the EU's overall sustainability goals. Also, it introduces the ability for the supervisory authority to review a bank's alignment with the EU's overall sustainability goals; see below for further information about climate-related risks.

CLIMATE-RELATED RISKS

With the exception of liquidity-related investments, Ziklo has no exposure in anything other than vehicles. The vehicle market is undergoing major transformation and the bank notes accelerated growth in 'green cars'. However, existing and future exposures are quickly effected and revolutionised by global legal requirements. In addition to the above comments on capital adequacy related to ESG, the bank closely monitors developments in e.g. Bonus Malus (where the bonus component was abolished on 8 November 2022), the EU taxonomy with its associated Disclosure Regulation, and FSA requirements. The bank also has work in progress concerning the CSRD. The bank is reducing the risk linked to borrowing and rating by issuing green bonds, which is made possible through the rapid growth in the proportion of green vehicles in its stock.
Volvo and Polestar are well positioned in the growth of rechargeable cars, not to say market leaders. The bank addresses climate-related risks under sustainability-related risks, and under strategic risks. Among other things, strategic risk assesses the effect of regulatory requirements, reduced residual values, a smaller vehicle market, increased fuel prices and reduced vehicle use.

TOTAL AMOUNT OF ALL EXPOSURES INCLUDING WITH REGARD TO CREDIT RISK PROTECTION

As shown in the table above, the bank has a total credit risk exposure of SEK 64,530 million (57,628), excluding the effect of credit risk protection. The bank's recourse agreements with the dealerships significantly reduce credit risk. The right of recourse is in the amount of SEK 32,677 million (27,735). The bank also has collateral for loans and receivables in the form of guarantees of SEK 129 million (129), floating charges of SEK 257 million (363), property mortgages of SEK 3 million (3) and pledged loans and leases of SEK 592 million (663).

The bank's total credit risk exposure, including the effect of credit risk protection, is thus SEK 30,872 million (28,736).

The bank does not use credit risk protection to reduce its capital requirement.

RECONCILIATION TO CARRYING AMOUNTS IN THE BALANCE SHEET

The table below shows a reconciliation of carrying amounts of assets in the balance sheet to the amounts of exposures for credit risk excluding the effect of credit risk protection shown in the preceding table.

	2024	2023
Total assets according to the balance sheet	58,059,881	49,791,778
Additional items		
Total impairments	423,951	332,659
Undrawn limits, accounts receivable	9,816,833	9,877,150
Undrawn limits, lending to Volvo dealerships	217,975	372,225
Margin for counterparty risks in derivatives	27,033	10,598
Outgoing items		
Non credit-obligation assets exposure*	-3,974,139	-2,692,248
Intangible non-current assets	-41,451	-64,018
Total	**64,530,085**	**57,628,144**

*Adjustment of the carrying amount of lease items which do not give rise to any exposure in capital adequacy reporting.

TOTAL EXPOSURE BY EXPOSURE CATEGORY FOR CREDIT RISK

2024	Gross exposure amount	Average for the period	Q1	Q2	Q3	Q4
Exposure category according to standard method						
Exposures to central governments or central banks and institutions	852,693	306,278	70,726	165,055	136,639	852,693
Exposures to provincial or regional government bodies or local authorities	1,862,202	1,853,994	1,797,435	1,890,036	1,866,305	1,862,202
Exposures to public sector	16,689	17,012	14,777	18,303	18,280	16,689
Exposures to institutions	2,805,045	2,841,811	1,995,860	2,328,100	4,238,241	2,805,045
Exposures to companies	1,157,068	1,194,729	966,875	1,366,585	1,288,389	1,157,068
Exposures to retail	854,961	693,448	590,843	621,023	706,964	854,961
Exposures falling due	10,318	8,241	8,318	7,557	6,772	10,318
Exposures in the form of covered bonds	1,455,112	1,472,369	1,388,089	1,587,686	1,458,587	1,455,112
Equity exposures	28,128	21,327	19,413	18,884	18,884	28,128
Other items	28,003	26,381	25,433	25,667	26,420	28,003
Total	9,070,219	8,435,590	6,877,769	8,028,896	9,765,481	9,070,219
Exposure category according to IRB						
Exposures to companies	15,425,736	14,640,122	14,466,238	14,311,291	14,357,223	15,425,736
Exposures to retail*	32,755,505	31,670,332	30,923,771	31,505,829	31,496,223	32,755,505
Non credit-obligation assets exposure	7,278,625	6,229,523	5,735,095	5,927,168	5,977,205	7,278,625
Total according to IRB	55,459,866	52,539,977	51,125,104	51,744,288	51,830,651	55,459,866
Total exposure	64,530,085	60,975,567	58,002,873	59,773,184	61,596,132	64,530,085

*The bank has retail exposures in the subgroups Small and medium-sized enterprises and Other retail exposures.

2023	Gross exposure amount	Average for the period	Q1	Q2	Q3	Q4
Exposure category according to standard method						
Exposures to central governments or central banks and institutions	144,613	92,231	61,701	76,409	86,201	144,613
Exposures to provincial or regional government bodies or local authorities	1,888,490	1,615,471	1,579,312	1,500,702	1,493,379	1,888,490
Exposures to public sector	14,656	11,937	9,929	11,419	11,744	14,656
Exposures to institutions	1,966,129	2,790,885	3,145,390	2,619,506	3,432,516	1,966,129
Exposures to companies	948,062	827,837	820,610	713,286	829,390	948,062
Exposures to retail	573,769	521,483	485,603	502,220	524,338	573,769
Exposures falling due	11,088	4,192	1,528	2,172	1,979	11,088
Exposures in the form of covered bonds	1,355,627	1,530,045	1,564,274	1,703,835	1,496,443	1,355,627
Equity exposures	21,618	19,029	17,789	18,347	18,363	21,618
Other items	26,593	68,305	106,391	83,143	57,092	26,593
Total	6,950,645	7,481,415	7,792,527	7,231,037	7,951,444	6,950,645
Exposure category according to IRB						
Exposures to companies	13,898,864	12,532,331	12,033,138	12,018,452	12,178,871	13,898,864
Exposures to retail*	31,041,054	31,396,206	31,392,824	31,910,628	31,240,320	31,041,054
Non credit-obligation assets exposure	5,737,581	5,443,988	5,269,171	5,425,580	5,343,621	5,737,581
Total according to IRB	50,677,498	49,372,526	48,695,133	49,354,660	48,762,812	50,677,498
Total exposure	57,628,144	56,853,939	56,487,659	56,585,697	56,714,256	57,628,144

*The bank has retail exposures in the subgroups Small and medium-sized enterprises and Other retail exposures.

THE SPREAD OF EXPOSURES BY INDUSTRY AND EXPOSURE CATEGORY

2024	Trade, motor vehicle repair	Transport and warehousing	Legal and financial activities etc.	Other	Total
Exposures to states and central banks	–	–	–	852,693	852,693
Exposures to municipalities, comparable home-owners associations and authorities	–	–	–	1,862,202	1,862,202
Exposures to admin bodies, non-commercial companies and religious communities	–	–	–	16,689	16,689
Exposures to institutions	–	–	–	2,805,045	2,805,045
Corporate exposures, standard and IRB	5,544,626	3,623,953	4,148,951	3,265,275	16,582,805
Retail exposures, standard and IRB	1,282,185	2,246,759	1,679,762	28,401,760	33,610,466
Exposures in default	1,403	1,207	1,198	6,510	10,318
Covered bonds	–	–	–	1,455,112	1,455,112
Equity exposures	–	–	–	28,128	28,128
Other items	–	–	–	28,003	28,003
Non credit-obligation assets exposure IRB	–	–	–	7,278,625	7,278,625
Total	**6,828,214**	**5,871,919**	**5,829,911**	**46,000,041**	**64,530,085**

2023	Trade, motor vehicle repair	Transport and warehousing	Legal and financial activities etc.	Other	Total
Exposures to states and central banks	–	–	–	144,613	144,613
Exposures to municipalities, comparable home-owners associations and authorities	–	–	–	1,888,490	1,888,490
Exposures to admin bodies, non-commercial companies and religious communities	–	–	–	14,656	14,656
Exposures to institutions	–	–	–	1,966,129	1,966,129
Corporate exposures, standard and IRB	4,892,255	3,159,137	3,626,325	3,169,209	14,846,926
Retail exposures, standard and IRB	1,203,780	2,323,502	1,510,545	26,576,996	31,614,823
Exposures in default	1,455	1,308	1,226	7,099	11,088
Covered bonds	–	–	–	1,355,627	1,355,627
Equity exposures	–	–	–	21,618	21,618
Other items	–	–	–	26,593	26,593
Non credit-obligation assets exposure IRB	–	–	–	5,737,581	5,737,581
Total	**6,097,490**	**5,483,947**	**5,138,096**	**40,908,611**	**57,628,144**

EXPOSURES, REMAINING TERM TO MATURITY BY EXPOSURE CLASS

Contractual remaining term (carrying amount) and expected date of recovery.

2024	0–3	3–6	6–9	9–12	12+	Total cash flow	No maturity
Exposures to central governments or central banks and institutions	826,827	1,156	1,761	1,884	21,065	852,692	–
Exposures to provincial or regional government bodies or local authorities	261,666	7,947	110,341	3,242	1,479,005	1,862,202	–
Exposures to public sector	1,003	1,025	1,338	1,204	12,120	16,690	–
Exposures to institutions	9,729	6,363	4,684	8,504	2,775,765	2,805,045	–
Exposures to companies	2,092,882	924,148	840,180	872,070	11,853,524	16,582,804	–
Exposures to retail	13,494,849	1,714,386	1,495,702	2,508,130	14,397,400	33,610,467	–
Exposures falling due	10,318	–	–	–	–	10,318	–
Exposures in the form of covered bonds	100,270	–	655,622	96,923	602,297	1,455,112	–
Equity exposures	–	–	–	–	–	–	28,128
Other items	–	–	–	–	–	–	28,003
Non credit-obligation assets exposure IRB	522,241	714,833	629,755	1,083,003	4,283,729	7,233,561	45,063
Total	**17,319,785**	**3,369,858**	**3,739,383**	**4,574,960**	**35,424,905**	**64,428,891**	**101,194**

2023	0–3	3–6	6–9	9–12	12+	Total cash flow	No maturity
Exposures to central governments or central banks and institutions	124,918	1,866	793	1,458	15,578	144,613	–
Exposures to provincial or regional government bodies or local authorities	86,488	725,661	303,960	4,345	768,036	1,888,490	–
Exposures to public sector	839	672	1,453	917	10,775	14,656	–
Exposures to institutions	10,197	5,009	5,978	11,902	1,933,043	1,966,129	–
Exposures to companies	2,279,573	1,002,900	699,559	820,548	10,044,346	14,846,926	–
Exposures to retail	13,409,256	1,615,067	1,454,554	1,646,069	13,489,876	31,614,823	–
Exposures falling due	11,088,397	–	–	–	–	11,088	–
Exposures in the form of covered bonds	351,186	46,535	447,224	–	510,682	1,355,627	–
Equity exposures	–	–	–	–	–	–	21,618
Other items	–	–	–	–	–	–	26,593
Non credit-obligation assets exposure IRB	493,164	672,899	513,589	635,347	3,388,625	**5,703,624**	**33,957**
Total	**16,766,709**	**4,070,609**	**3,427,110**	**3,120,586**	**30,160,961**	**57,545,976**	**82,168**

Counterparty risk
Counterparty risk arises when Ziklo Bank enters into a derivative agreement with a counterparty and refers to the risk that the counterparty will be unable to fulfil its contractual obligations. The bank enters into derivative agreements solely for the purpose of eliminating interest rate risk and foreign exchange risk in interest-bearing loans and borrowings. Counterparty risk arises when the bank's interest rate risk is hedged using derivatives. The counterparty risk that arises is the residual risk of the market value less collateral received for derivative agreements in force. The bank's derivatives currently consist of interest rate swap and exchange rate swap agreements.

The bank's financial policy specifies limits for counterparty risk, which are monitored continuously. In cases where counterparty risk exceeds the limit for a specified counterparty as a result of market movements, no new deals may be concluded with said counterparty. A spread of different counterparties is desirable.

Financial derivatives are only entered into under ISDA agreements with associated VM-CSA (agreements on the exchange of collateral in cash form) with banks that have a rating equivalent to at least A1/A+ according to Moody's / Standard & Poor's rating scales. In the event of a split rating, the lower rating applies. To limit counterparty risk, close-out netting is applied as part of the ISDA agreements with all derivative counterparties. In close-out netting, the positive and negative values of all derivatives with the same counterparty are offset in the event of default. The supplementary agreement VM-CSA to the ISDA agreement means the parties mutually pledge to provide collateral in the form of liquid assets for the counterparty's surplus value in outstanding derivative instruments. The agreement also gives the party receiving collateral the right in turn to dispose of collateral received. Under the VM-CSA agreement, a minimum transfer amount (MTA) is negotiated, i.e. the exposure allowed without exchanging collateral. The bank has an MTA of SEK 4 million with all counterparties.

At year-end, the nominal amount for the bank's outstanding derivative contracts totalled SEK 7,615 million (3,603). The size of the counterparty risk is affected by the market value and fluctuates with changes in market interest rates. The market value of swaps is determined using discounted cash flows. The discount rates are based on official market rates. On 31 December 2024, the bank's compensation (positive market values) for counterparty risk in interest rate and exchange rate swaps was SEK 30.5 million (14.8). Net counterparty exposure after the exchange of collateral totalled SEK 5.2 million (4.8); the bank had also pledged assets in the amount of SEK 39.9 million (21.6) and received collateral totalling SEK 35.8 million (12.4). For further information about financial assets and liabilities offset or subject to netting agreements, refer to Note 36.

For the purposes of capital adequacy, the bank uses the original exposure method (OEM) when calculating counterparty risk. The bank has a permit from the Swedish Financial Supervisory Authority to apply netting for derivative exposures against one and the same counterparty.

Concentration risk
The bank's definition of concentration risk refers to:
- Large exposures to customers or groups of connected customers.
- Large exposures to groups of counterparties where the probability of default is connected to factors such as industries, geographical areas, etc.
- Concentration in a certain type of collateral, e.g. a certain marque.

The bank's portfolio is not very diversified, as it consists largely of different forms of vehicle finance, creating a concentration risk with vehicles as collateral; moreover the bank's activities are concentrated to the Swedish market.

The 30 biggest customers account for 10.8% (10.5) of total lending.

The sector in which the bank has the single largest amount of lending is motor vehicle trade/repair, which makes up 10.8% of total lending.

The bank uses a system which enables it to easily obtain an overview of its overall counterparty exposure.

Market risk
INTEREST RATE RISK IN THE BANKING BOOK
The bank defines interest rate risk as the current and future risk that net interest income and/or the economic value of the bank's assets and liabilities will deteriorate due to an unfavourable development of market interest rates. The bank is only exposed to interest rate risk within the bank's interest-bearing assets and liabilities in the banking book (i.e. the lending portfolio, the liquidity reserve and the bank's borrowings), since it does not have a trading book.

The bank calculates interest rate risk in accordance with the FSA's memorandum for the assessment of Pillar 2 capital (FI ref no. 24-4186). Interest rate risk in the banking book consists of three risk components: gap risk, option risk and basis risk.

The bank endeavours to minimise interest rate risk by matching fixed-rate terms of borrowings with those of loans. In cases where the bank borrows at long fixed-rate terms, interest rate swaps are used to hedge the resulting interest rate risk. Fixed-rate loans accounted for SEK 2.2 billion, or 5%, of total lending on 31 December 2024. Swaps are also used in cases where loans are issued at fixed rates, which occurs to a very limited extent, with such loans accounting for 8.5% (2.3) of total lending at year-end. The absolute majority of the bank's lending and borrowing have short fixed-rate contractual terms, usually up to 3 months. The bank's financial policy stipulates the allowable level of interest rate risk; the policy is updated as necessary and decided by the Board. Interest rate risk is reported to the Board on an ongoing basis.

Interest rate risk expressed as gap risk shows the effect of non-dynamic net interest income during a 12-month period from an interest rate shock resulting in a parallel downward shift in the yield curve of 100 basis points. All non-fixed deposits including savings accounts are given a maturity of one day in this calculation. Thus the interest rate risk on 31 December 2024 was SEK 90.4 million (88.2), representing 1.4 % (1.4) of the capital base. In addition to the change in net interest income, the effect on economic value (equity) is also calculated for various yield curve movements where an interest rate shock of minus 200 basis points has the greatest impact of SEK 42.3 million (11.1).

Cases where customers wish to redeem fixed-rate loans prematurely, and where the bank is unable to charge early redemption fees, create an interest rate risk exposure, or option risk. The bank monitors such lending exposure on a monthly basis and makes ongoing provisions to hedge the risk. It is assumed that 20% of the average credit volume for the year will be redeemed when 12 months of the original average maturity of the portfolio has passed, with a 1.5 percentage point decline in interest. Reservable funds are provided by risk coverage in the interests margin. As of 31 December 2024, the interest rate differential reserve totalled SEK 1.7 million (1.6).

Basis risk in the banking book arises from an interest rate risk perspective when positions with similar interest rate fixing dates are reset against different interest rate indices on the asset and liability sides. Interest rate indices include IBOR rates (STIBOR, NIBOR, etc.) with different maturities. Since Ziklo Bank's variable rate lending and borrowing mainly have 3-month STIBOR as the reference rate, the exposure to basis risk is limited. Ziklo Bank's basis spread risk is very low; on 31 December 2024 the risk totalled SEK 0.2 million (0.4).

Also, Ziklo Bank's interest rate risk is calculated in accordance with the EBA's supervisory outlier test for interest rate risk arising from non-trading book activities (EBA/RTS/2022/10). Among other things, these guidelines require the bank to allocate a major portion of the non-fixed savings accounts from the shortest fixed interest term (one day) to longer maturities (up to six years), where the allocation is indicated by the bank's own behaviour modelling with regard to instructions and guidelines.

After a full fixed-interest term allocation of the bank's interest-sensitive assets and liabilities, the change in economic value is calculated by stressing each time-pocket's net position by six different yield curve movements. The scenario with the greatest negative impact on the economic value has a parallel shift of the entire interest rate curve by minus 200 basis points. In this scenario, interest rate risk as an effect on the economic value totalled SEK 61 million on 31 December 2024, equivalent to 0.93% of Common Equity Tier 1 capital.

When calculating interest rate risk expressed as the effect on the bank's net interest income, said net interest income is compared in a stressed scenario in which there is a parallel displacement of the yield curve by 200 basis points up and down. The volumes of assets and liabilities in the two scenarios are static, i.e. a maturing loan is rolled forward with the same maturity and interest margin but with a new basic market interest rate within a time horizon of one year. In the stressed net interest income, all positions are rolled forward with the new stressed interest rate level. The difference in net interest income between the base scenario and a stressed scenario constitutes the interest rate risk. The interest rate calculated as an effect on net interest income in the case of a parallel displacement of the yield curve of minus 200 basis points, totalled SEK 189.9 million on 31 December 2024, equivalent to 2.89% of Common Equity Tier 1 capital.

CREDIT SPREAD RISK IN THE BANKING BOOK
Ziklo Bank defines credit spread risk as the risk of a reduction in the market value of its holdings of transferable instruments in the liquidity portfolio as a result of a change in the credit spread of the securities. Since the bank has no trading book, exposure to credit spread risk only exists within the bank's liquidity portfolio, which consists of commercial papers, covered bonds and municipal bonds. However, credit spread risk in the liquidity portfolio is very limited as the bank follows conservative rules of conduct regarding the creditworthiness of issuers, the maturity of securities and the ownership structure.

The bank measures credit spread risk in compliance with EBA guidelines (EBA/GL/2022/14), where the securities that could be affected are monitored by means of quarterly measurement and reporting. The bank has used the standard method proposed by the Swedish FSA (FSA ref. 19-4434) for the calculation of capital surcharges for credit spread risk. The method applies a stress test based on a table with a predefined standard premium for spreads based on the security's issuer category and the issuer's creditworthiness. The bank's credit spread risk is low; on 31 December 2024, the volume in the liquidity portfolio totalled SEK 4.1 billion (4) and the credit spread risk was SEK 34.2 million (23.4).

Notes

FIXED INTEREST TERMS FOR THE GROUP'S INTEREST-BEARING ASSETS AND LIABILITIES

31/12/2024 SEK million Assets	O/N	O/N ≤ 1M	1M ≤ 3M	3M ≤ 6M	6M ≤ 9M	9 ≤ 1Y	1Y ≤ 1.5Y	1.5Y ≤ 2Y	2Y ≤ 3Y	3Y ≤ 4Y	4Y ≤ 5Y	5Y ≤ 6Y	> 6Y	Not interest-bearing	Total
Treasury bills eligible as collateral		563	1,321												1,884
Lending to credit institutions		2,660													2,660
Lending*	93	44,881	164	191	107	580	-	1,373	1,256	241	152	2	1		49,040
Bonds and other interest-bearing securities		551	1,669												2,220
Shares and participations in associates and other companies														21	21
Shares and participations in Group companies														7	7
Intangible non-current assets														41	41
Tangible assets: inventory														2	2
Other assets														2,096	2,096
Prepaid expenses and accrued income														88	88
Total assets	93	48,655	3,154	191	107	580	-	1,373	1,256	241	152	2	1	2,256	58,060
Liabilities and equity															
Liabilities to credit institutions		-100	-3,302												-3,402
Deposits and borrowing from the public	-24,779														-24,779
Securities issued	-	-5,272	-10,857	-500	-	-250	-353	-103	-603	-153	-353	-	-	-	-18,441
Other liabilities														-1,501	-1,501
Accrued expenses and deferred income														-1,749	-1,749
Subordinated liabilities															
Untaxed reserves														-6,662	-6,662
Equity														-1,526	-1,526
Total liabilities and equity	-24,779	-5,372	-14,159	-500	-	-250	-353	-103	-603	-153	-353	-	-	-11,438	-58,060
Derivative instruments	-	293	1,427	388	-68	193	-304	-	-1,878	-17	-81	-	-		-47
Net assets and liabilities	-24,686	43,576	-9,578	79	39	522	-657	1,271	-1,224	71	-282	2	1	-9,181	-46
Cumulative exposure	-24,686	18,890	9,313	9,391	9,430	9,953	9,269	10,567	9,342	9,414	9,132	9,134	9,135	-46	

*Consists of Loans and advances to the public and Tangible assets: lease items.

31/12/2023 SEK million Assets	O/N	O/N ≤ 1M	1M ≤ 3M	3M ≤ 6M	6M ≤ 9M	9 ≤ 1Y	1Y ≤ 1.5Y	1.5Y ≤ 2Y	2Y ≤ 3Y	3Y ≤ 4Y	4Y ≤ 5Y	5Y ≤ 6Y	> 6Y	Not interest-bearing	Total
Treasury bills eligible as collateral		576	1,002												1,578
Lending to credit institutions		1,854													1,854
Lending*	77	41,549	33	54	40	82	-	395	209	18	3	0	2		42,462
Bonds and other interest-bearing securities		411	2,053												2,463
Shares and participations in associates and other companies														15	15
Shares and participations in Group companies														7	7
Intangible non-current assets														64	64
Tangible assets: inventory														2	2
Other assets														1,251	1,251
Prepaid expenses and accrued income														95	95
Total assets	77	44,390	3,087	54	40	82	-	395	209	18	3	-	2	1,434	49,792
Liabilities and equity															
Liabilities to credit institutions			-1,295												-1,295
Deposits and borrowing from the public	-24,369														-24,369
Securities issued	-	-3,275	-8,362	-	-	-	-398	-248	-448	-598	-148	-	-	-	-13,475
Other liabilities														-1,437	-1,437
Accrued expenses and deferred income														-1,589	-1,589
Subordinated liabilities		-													-
Untaxed reserves														-5,698	-5,698
Equity														-1,928	-1,928
Total liabilities and equity	-24,369	-3,275	-9,657	-	-	-	-398	-248	-448	-598	-148	-	-	-10,653	-49,792
Derivative instruments	-	-201	-714	-35	-13	-75	300	103	165	377	72	-	-		-22
Net assets and liabilities	-24,292	40,914	-7,284	19	26	7	-98	250	-74	-202	-73	-	2	-9,219	-23
Cumulative exposure	-24,292	16,623	9,339	9,357	9,384	9,390	9,293	9,542	9,469	9,266	9,193	9,194	9,196	-23	

*Consists of Loans and advances to the public and Tangible assets: lease items.

Foreign exchange risk

Foreign exchange risk arises in cases where the bank chooses to borrow or lend money in currencies other than Swedish kronor. Under the finance policy, no foreign exchange risk may exist. When borrowing in foreign currency, the bank enters into cross-currency interest rate swaps to eliminate the foreign exchange risk. Effective elimination of the foreign exchange risk is achieved by making sure the terms, nominal amounts and interest payment dates of the agreements match the terms of the bank's foreign currency financing. However, there may be an effect on earnings during the term due to differences in the valuation methods used for the hedged item and hedging derivative. The bank had exchange rate swap agreements with a nominal value of SEK 1,400 million (700) as of 31 December 2024. No lending in other currencies exists. The bank's currency exposure amount at year-end was SEK 0 (0). For carrying amounts of assets and liabilities in foreign currency, see Notes 27 (Derivatives – Assets and Liabilities) and 29 (Liabilities to credit institutions and securities issued).

Residual value risk

This refers to the risk that the residual value on a vehicle guaranteed by the bank on the final day of the lease is higher than the actual market value, and the bank thereby sustains a loss. Guaranteed residual values amounted to SEK 11,723 million (9,165), which includes both own and transferred contracts. As of 31 December 2024, operating leases in the Fleet and Cars segments directly guaranteed by the bank had a carrying amount of SEK 12,497 million (8,466) before impairment. The guaranteed residual value of these contracts amounted to SEK 9,084 million (6,460).

As of 31 December 2024, the bank reported an impairment loss of SEK 376.8 million (300.4) due to the residual value risk, under depreciations, amortisation and impairments of tangible assets. The recoverable value for those vehicles where the impairment has been made during the year or a reversal has taken place during the year consists of its value in use and as of 31 December 2024 totalled SEK 6.3 billion (4.4).

In 2024, the bank carried out impairments totalling SEK 76.4 million (105.9) related to residual value risk, mainly due to the bank's increased residual value positions in operating leases. See also Notes 4, 13 and 25 for information on the bank's residual risk.

EQUITY RISK IN OTHER OPERATIONS

The shareholding in unlisted shares is valued at cost using the cost method.

Balance sheet value	2024	2023
Associates and other companies	21,386	14,876
Group companies	6,742	6,742
Total	28,128	21,618
Fair value		
Associates and other companies	21,386	14,876
Group companies	6,789	6,789
Total	28,175	21,666
Unrealised gains or losses		
Associates and other companies	13,768	8,410
Group companies	-	-
Total	13,768	8,410

Operational risks

Operational risk refers to the risk of loss due to:

- Inappropriate or failed internal processes
- Human error
- Defective systems
- External events

The definition also includes legal risks, disruptions within the payment area, project risks, ICT risk, ICT third-party risk, ICT concentration risk, cyber risk, model risk and compliance risks, e.g. money laundering, the financing of terrorism and other financial crime.

Operational risks have been divided into the following areas: internal irregularities, external crime, employment conditions and work environment, business conditions, disruptions and interruptions in operations and systems, transaction management and process control, technology and employees/organisation.

Operational risks exist in all of the bank's activities and in its interaction with external parties, including outsourced operations. The bank arranges regular risk identification and self-assessment workshops with key individuals in the company to identify operational risks. All identified operational risks are categorised according to probability and effect. The management of operational risks is governed by the operational risk policy.

The objective is to eliminate or prevent, limit and/or compensate for the risk of damage through a deliberate, organised approach involving the use of policies and processes for managing operational risks. The management of operational risk is an ongoing process involving the use of tools such as self-assessments and incident reporting to capture incidents that have occurred, and to identify, monitor and address ongoing operational risks in accordance with the process below.

Ziklo Bank's Board of Directors and management have overall responsibility for operational risk and for creating a high level of risk awareness at the bank. The departments are primarily responsible for managing operational risks in their own areas of activity. All employees also have a duty to protect the assets managed by the bank from harm, abuse or loss.

Incidents are reported in a case management system. The Risk Control unit is responsible for collating all reported incidents and for monitoring and controlling operational risks. It is also responsible for compiling information on operational risks and reporting to the CEO and Board of Directors (using incident reports, KRIs and risk reports) and for following up risk limitation measures from self-assessments, and for monitoring changes in the operations that may lead to a change in exposure to operational risk.

Pension risks

The bank's pension plans are secured through an insurance policy with Alecta. In view of the provisions on retirement pensions and family pensions in the ITP 2 supplementary pension plan, the bank's pension plan is considered a multi-employer defined benefit pension plan. However, under UFR 10 there is no basis for recognising an ITP 2 plan that is funded through an insurance policy with Alecta as a defined benefit plan, and it must therefore be accounted for as a defined contribution plan in accordance with IAS 19. The bank's obligations in respect of defined contribution plans are expensed in the income statement. Pension premiums for 2024 amounted to SEK 25,641 (21,539), of which KSEK 12,949 (10,681) refers to Alecta ITP 2 pensions.

In the traffic light method used by the FSA for pension risk in Pillar 2 baseline requirements, assets and liabilities are measured at fair value. Fair value is determined using market valuations

of assets while liabilities are measured using best estimates of retirement benefit obligations. The company is then exposed to a number of stress scenarios defined by the FSA.

Liquidity risks

Liquidity risk is the risk that the bank will be unable to fulfil its payment obligations at maturity without a significant increase in the cost of funding, in the worst case is unable to fulfil its obligations at all.

Liquidity risk arises when maturities on lending and borrowing differ. When loans have longer maturities than borrowings, multiple rounds of refinancing are required. If the need for refinancing on any individual day becomes significant, or if the capital market becomes illiquid, it could result in a lack of liquidity.

Liquidity risk is managed in accordance with the bank's financial policy. The policy describes financial risks, including liquidity risk, and specifies permissible liquidity risk. In addition to the financial policy, the bank has established a framework for management of liquidity risk, which is a policy document containing guidelines, instructions and strategies for the management of liquidity risk. The bank's liquidity and financing strategy and its contingency plan constitute central parts of the aforementioned document. The framework is revised on an ongoing basis and submitted for approval by the Board annually. The bank's treasurer is responsible for keeping the document up to date. The financial policy documents are fundamental to the activities of the treasury, but are available to all employees. Liquidity risk stress tests are performed in conjunction with the bank's ICAAP and ILAAP processes and on several occasions during the course of the year.

Operational activities for managing liquidity risk are performed in the bank's treasury, where the bank's liquidity position is monitored on a day-to-day basis. Analysis and internal reporting of maturity structure and funding requirements are performed on an ongoing basis, with the aim of ensuring a strong liquidity position and minimising impact in the event of liquidity problems. The bank's net cash outflows are also reported to make sure the bank's risk tolerance is not exceeded and that accumulated cash flows remain within defined limits. Reports on liquidity risk are compiled by the bank's finance department in close collaboration with the treasury and reported to the FSA on a monthly and quarterly basis.

The bank's liquidity coverage ratio (LCR), as calculated in accordance with Article 415 of the EU's Capital Requirements Regulation (CRR), was 242% (252) at year-end. LCR is a short-term liquidity ratio and forms part of the bank's liquidity risk reporting to the regulators. The bank's net stable funding ratio (NSFR) at year-end was 120% (119).

To create flexibility in its borrowing and ensure its ability to manage periods of difficult refinancing conditions, the bank maintains a liquidity reserve. At year-end this reserve amounted to SEK 6.8 billion (5.9). The reserve, whose composition is regulated by the financial policy, must consist of high-quality liquid interest-bearing securities and demand deposits with banks in Swedish kronor. The securities portion had a nominal amount of SEK 4.1 billion (61%) while deposits with other banks totalled SEK 2.7 billion (39%). The size of the liquidity reserve must be sufficient to ensure the ability to continue operations unimpeded in the event of serious liquidity strains, with no injection of new external funding, for a period of at least three months using only the funds available in the reserve. Furthermore, the bank's liquidity reserve must always be 10% at a minimum in relation to lending, and as of 31 December 2024 the ratio was 14% (14).

Liquidity reserve	31/12/2024	31/12/2023
Amounts in SEK million, securities at market value		
Balances with other banks	2,660	1,854
Securities issued by the state		
Securities issued to municipalities and other public bodies	1,813	1,830
Other covered bonds	1,455	1,354
Securities issued by non-financial companies	835	855
Total	6,763	5,893

Of the bank's total liquidity reserve of SEK 6,763 million, SEK 5,800 million was accounted for by securities and deposits with other banks which qualify as liquidity reserve under the Swedish Financial Supervisory Authority's regulations (FFFS 2010:7) on management of liquidity risk.

The bank's credit facilities constitute a significant complement to the liquidity reserve. These back-up facilities are mostly agreed with the bank's core banks. The back-up facilities are not normally used and totalled SEK 3.8 billion (3.8) at year-end. Facilities with an option to demand same-day payment total SEK 1.9 billion; otherwise payment is made 2–3 business days after the demand. The agreements do not contain any material adverse change (MAC) clauses or financial covenants that could prevent the bank from drawing on the facilities.

Other liquidity-creating facilities	31/12/2024	31/12/2023
Undrawn limits, SEK million		
Overdraft facilities with credit institutions	155	155
Credit facilities with credit institutions	3,750	3,750
Total	3,905	3,905

Under the bank's financial policy, all short-term borrowings (<1 year) and 20% of deposits must be covered by credit facilities and the liquidity reserve. The bank also strives to diversify its sources of borrowing, with regard to both the forms of borrowing and geographical markets. To achieve an appropriate distribution of loan maturities, the amount falling due in any individual calendar week is limited. The proportion of long-term borrowing in the form of market borrowing and bank credits must be at least 60%. On 31 December 2024 it was 81% (74).

In order to reduce the proportion of market borrowing, and thus also the refinancing risk, Ziklo Bank offers savings accounts aimed at private individuals. The majority of the bank's savings account customers are customers with whom the bank has an existing relationship, i.e. customers that have previously used Ziklo Bank's other services or have held a savings account for 12 months or more. These customers accounted for 94% (93) of the savings account volume at year-end. Although the savings account has no fixed term, its deposit volume has been very stable over time, as it is spread across a large number of depositors. The bank's savings account is covered by the government's deposit guarantee scheme.

LIQUIDITY EXPOSURES – CONTRACTUAL REMAINING TERM (NOMINAL AMOUNTS)

The interest flows in the table below are based, in case of variable-rate loans and borrowings, on the interest rate on the closing date.

SEK million 2024	To be paid on demand	Within 3 months	Longer than 3 months but no more than 1 year	Longer than 1 year but no more than 3 years	Longer than 3 years but no more than 5 years	Longer than 5 years	Total
Financial assets							
Treasury bills eligible as collateral	-	270	130	1,356	-	-	1,756
Lending to credit institutions	2,660	-	-	-	-	-	2,660
Loans and advances to the public	-	5,001	8,839	15,327	4,580	1,454	35,201
Bonds and other interest-bearing securities	-	951	778	740	-	-	2,469
Tangible assets: lease items	-	1,407	6,213	9,962	476	23	18,081
Other assets, derivatives	-	-6	26	37	12	-	69
Total	**2,660**	**7,623**	**15,986**	**27,422**	**5,068**	**1,477**	**60,236**
Financial liabilities							
Liabilities to credit institutions	-	354	154	2,433	491	297	3,729
Deposits and borrowing from the public	24,494	288	-	-	-	-	24,782
Securities issued	-	1,810	2,558	9,858	5,920	-	20,146
Other liabilities, derivatives	-	-4	-9	-50	22	-	-41
Subordinated liabilities	-	-	-	-	-	-	-
Total	**24,494**	**2,448**	**2,703**	**12,241**	**6,433**	**297**	**48,616**
Cash flow, net	**-21,834**	**5,175**	**13,283**	**15,181**	**-1,365**	**1,180**	
Unutilised credit facilities	1,905	3,250	2,750	-	-	-	
Liquidity gap	**-19,929**	**8,425**	**16,033**	**15,181**	**-1,365**	**1,180**	

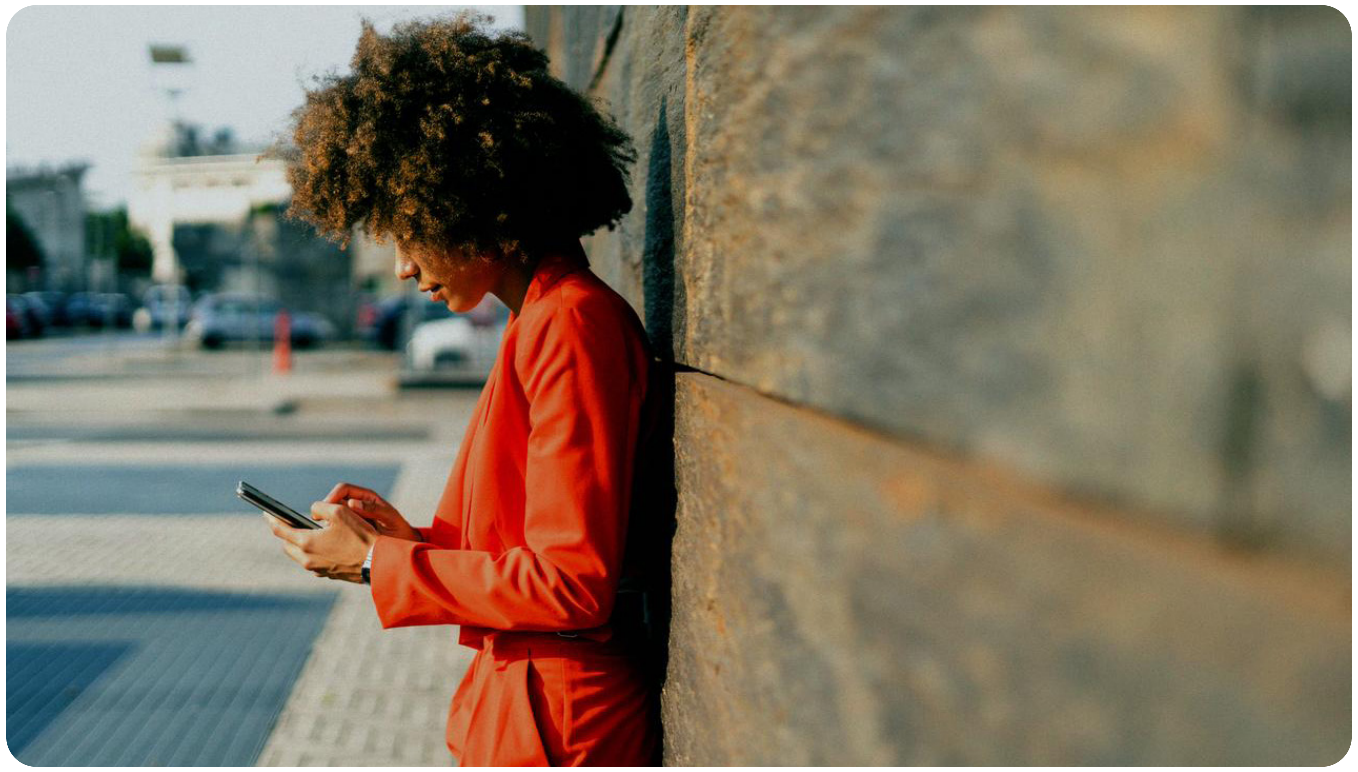
SEK million 2023	To be paid on demand	Within 3 months	Longer than 3 months but no more than 1 year	Longer than 1 year but no more than 3 years	Longer than 3 years but no more than 5 years	Longer than 5 years	Total
Financial assets							
Treasury bills eligible as collateral	-	102	1,039	768	-	-	1,909
Lending to credit institutions	1,854	-	-	-	-	-	1,854
Loans and advances to the public	-	5,212	8,270	14,314	4,014	1,028	32,838
Bonds and other interest-bearing securities	-	1,125	521	520	-	-	2,166
Tangible assets: lease items	-	1,285	4,409	8,011	237	17	13,959
Other assets, derivatives	-	-1	5	-9	7	-	2
Total	**1,854**	**7,723**	**14,244**	**23,604**	**4,258**	**1,045**	**52,728**
Financial liabilities							
Liabilities to credit institutions	-	40	560	533	-	-	1,133
Deposits and borrowing from the public	24,209	86	78	-	-	-	24,373
Securities issued	-	1,247	2,081	6,935	4,150	-	14,413
Other liabilities, derivatives	-	8	11	7	18	-	44
Subordinated liabilities	-	-	-	-	-	-	-
Total	**24,209**	**1,381**	**2,730**	**7,475**	**4,168**	**0**	**39,963**
Cash flow, net	**-22,355**	**6,342**	**11,514**	**16,129**	**90**	**1,045**	
Unutilised credit facilities	1,905	3,250	2,750	-	-	-	
Liquidity gap	**-20,450**	**9,592**	**14,264**	**16,129**	**90**	**1,045**	

MATURITY ANALYSIS OF LIABILITIES INCLUDING DERIVATIVES (NOMINAL AMOUNTS)

The interest flows in the table below are based, in the case of variable-rate loans and borrowings, on the interest rates which the market is forecasting on the balance sheet date for the various future interest payment dates. Derivatives in the table below are reported with a net outflow.

SEK million 2024	Within 3 months	Longer than 3 months but no more than 1 year	Longer than 1 year but no more than 3 years	Longer than 3 years but no more than 5 years	Longer than 5 years	Total
Liabilities to credit institutions	-354	-147	-2,423	-491	-298	-3,713
Securities issued	-1,810	-2,534	-9,804	-5,910	-	-20,058
Other liabilities, derivatives	-285	8	36	-32	-	-273
Other assets, derivatives	-6	24	37	11	-	66
Subordinated liabilities	-	-	-	-	-	-
Total	**-2,455**	**-2,649**	**-12,154**	**-6,422**	**-298**	**-23,978**

SEK million 2023	Within 3 months	Longer than 3 months but no more than 1 year	Longer than 1 years but no more than 3 years	Longer than 3 years but no more than 5 years	Longer than 5 years	Total
Liabilities to credit institutions	-40	-555	-517	-202	-73	-1,387
Securities issued	-1,247	-2,042	-6,719	-4,090	-	-14,098
Other liabilities, derivatives	-94	-86	3	-16	-	-193
Other assets, derivatives	-1	8	27	20	-	54
Subordinated liabilities	-	-	-	-	-	-
Total	**-1,382**	**-2,675**	**-7,206**	**-4,288**	**-73**	**-15,624**



Strategic risks

The bank's definition of strategic risk is the risk of loss due to changes in market conditions and unfavourable business decisions, inappropriate adaptation of decisions or a failure to respond to changes in the market. The definition of strategic risk includes earnings, customer and competitor behaviour, changes to laws and regulations and economic conditions.

The primary objective of risk management is to make sure the bank is aware of its strategic position and enable it to prepare itself at an early stage for a slowing market and increased or new competition. The bank works pro-actively to assess its strategic position and takes early action to prepare itself for changes in the market and competitive environment. Risk identification and self-assessment workshops with senior executives are held frequently with the aim of identifying strategic risks. The bank also has well developed strategies for how the organisation should work with customers and address competition.

Sustainability risks

Because the bank's operations are affected by a number of different fields and stakeholders, sustainability-related risks can affect every area of the bank. Sustainability-related risk consists in turn of other risks such as strategic risk, credit risk, residual value risk and interest rate risk.

The bank manages ESG risks when granting credit to companies, works internally with well-being for personnel, and takes action against financial crime etc. In addition to this, the bank has a number of strategic risks that are managed on an ongoing basis and for which there is capital adequacy. The strategic risks include legal risks, risks associated with customer behaviour, transformational risks and revenue risks. Also, the bank has chosen to maintain a capital buffer consisting of Common Equity Tier 1 capital (5% minimum capital requirement under Pillar 1) in capital adequacy. For further information concerning the bank's sustainability work, refer to the sustainability report.

Reputational risks

Reputational risk refers to the risk of loss due to a negative perception of the bank by customers, counterparties, shareholders, investors and regulators. The objective of risk management is to make sure the bank is perceived as highly transparent by all stakeholders and that these stakeholders have a favourable perception of the bank.

Reputational risks are the most difficult to protect against. The bank has taken measures to make sure this risk is managed to the greatest possible extent. Risk identification and self-assessment workshops with senior executives are held on an ongoing basis. Over the course of the year (at least quarterly), the bank meets with other banks and with investors to identify any negative signals.

Press releases and information on the website are natural elements of the bank's disclosure of information, and it strives to be seen as highly transparent by all stakeholders. The bank has a department responsible for PR and communication. The department is tasked with ensuring communication plans are in place for identified reputation scenarios. Only the CEO or a person appointed by the CEO may speak to the press.

Ziklo Bank must maintain a high level of IT, system and card security.

The bank has internal procedures for handling complaints such as clear reporting paths and a complaints officer.

Capital adequacy analysis

The determination of the bank's statutory capital requirement is made under the Swedish Special Supervision of Credit Institutions and Investment Firms Act (2014:968) and the EU's Capital Requirements Regulation and Directive (CRD IV/CRR), which has been incorporated into Swedish law, with further definitions and detailed guidelines issued by the Swedish Financial Supervisory Authority.

All Pillar 3 requirements are met in this annual report together with a separate Pillar 3 appendix, which is published on the bank's website.

As far as the bank is concerned, the rules help to strengthen the bank's resilience to financial losses and thus protect the bank's customers. Under the rules, the bank's capital base (equity and any debentures raised, etc.) must comfortably cover the prescribed minimum capital requirement, which consists of the capital requirements for credit risks, creditworthiness adjustment risks, market risks and operational risks, as well as the calculated capital requirement for further identified risks in the operations in accordance with the bank's internal capital adequacy assessment process.

The bank has an adopted plan for the size of its capital base over the next few years (in accordance with ILAAP), which is based on risk profile, identified risks with regard to probability and economic impact, stress tests and scenario analysis, expected expansion of lending and financing opportunities, as well as new legislation, the actions of competitors and other changes in external factors.

The review of the long-term plan is an integral part of the bank's internal capital adequacy assessment process. The plan is followed up continuously and an annual documented review is conducted to make sure the risks have been duly taken into account and reflect the bank's actual risk profile and capital needs. Any changes or additions to policy or strategy documents adopted by the Board are always reported in a similar way to important credit decisions and investments, and current and future capital requirements.

There are no ongoing or anticipated material or legal impediments to the rapid transfer of funds from the capital base or repayment of liabilities between the parent company and subsidiaries.

Ziklo 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 Ziklo 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 CF 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 20.6% (22.5) as of 31 December 2024 and the capital requirement was assessed internally to 14.4% (14.3) 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 797 million (686). The counter cyclical buffer value of 2.0 (2.0) per cent of REA totalled SEK 638 million (548).

The leverage ratio was 11.9% (12.8) as of 31/12/2024.

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 FSA regarding specific Pillar 2 guidance for capital requirements or leverage ratio.

EU KM1 – KEY METRICS TEMPLATE

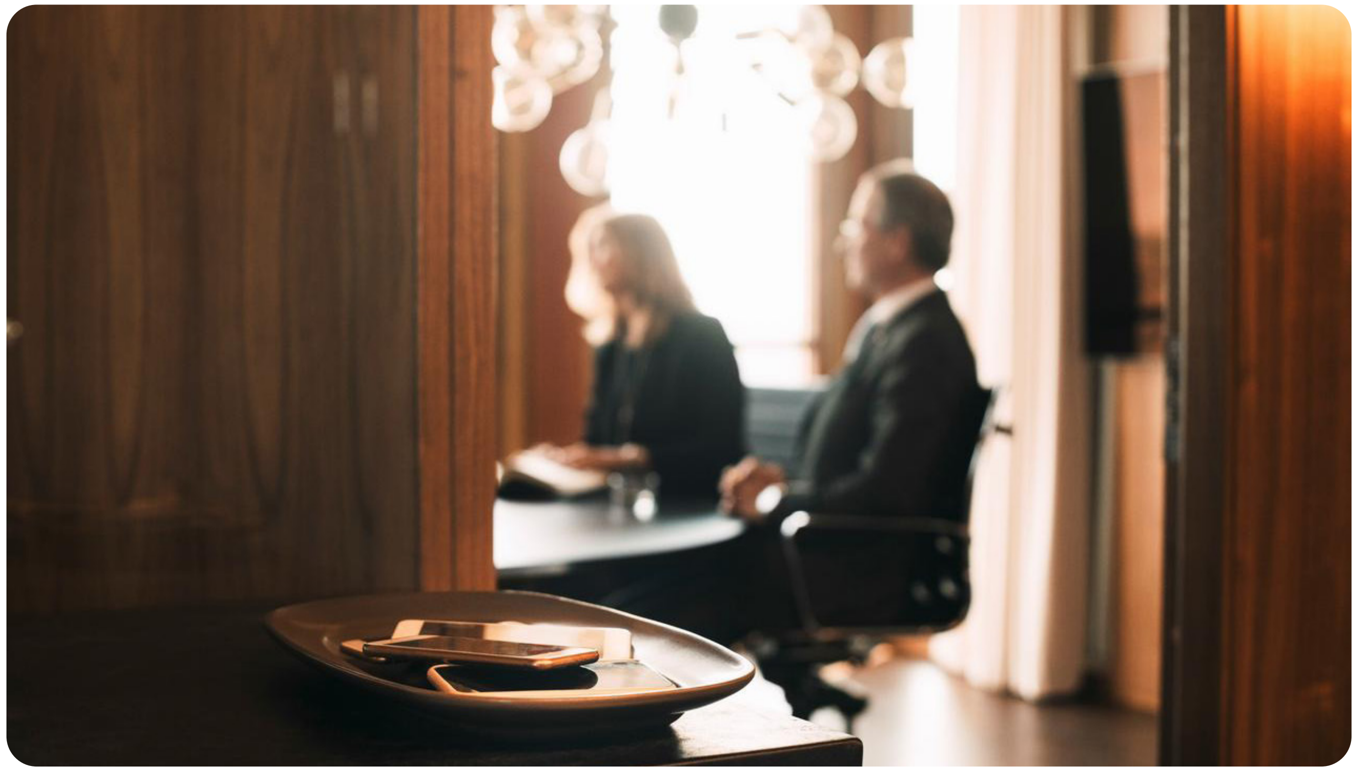
Available capital base (amount)	31/12/2024	30/09/2024	30/06/2024	31/03/2024	31/12/2023
Common Equity Tier 1 (CET1) capital	6,579,663	6,474,428	6,523,759	6,326,134	6,183,220
Tier 1 capital	6,579,663	6,474,428	6,523,759	6,326,134	6,183,220
Total capital	6,579,663	6,474,428	6,523,759	6,326,134	6,183,220
Risk-weighted exposure amounts					
Total risk-weighted exposure amount	31,895,521	28,981,847	28,628,789	27,548,686	27,422,136
Capital ratio (as a percentage of the risk-weighted exposure amount)					
Common Equity Tier 1 capital ratio (%)	20.6	22.3	22.8	23.0	22.5
Tier 1 capital ratio (%)	20.6	22.3	22.8	23.0	22.5
Total capital ratio (%)	20.6	22.3	22.8	23.0	22.5
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 capital base 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 capital base 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 risks identified at the level of a Member State (%)					
Institution-specific countercyclical capital buffer (%)	2.0	2.0	2.0	2.0	2.0
Systemic risk buffer (%)					
Buffer for global systemically important institutions (%)					
Buffer for other systemically important institutions (%)					
Combined buffer requirement (%)	4.5	4.5	4.5	4.5	4.5
Overall capital requirements (%)	12.5	12.5	12.5	12.5	12.5
Available Common Equity Tier 1 capital after meeting the total capital base requirement for SREP (%)	12.6	14.3	14.8	15.0	14.5
Leverage ratio					
Total exposure measure	55,451,023	52,470,363	50,707,110	48,698,877	48,354,425
Leverage ratio (%)	11.9	12.3	12.9	13.0	12.8
Additional own funds requirements to address the risk of excessive leverage (as a percentage of the total exposure measure)					
Additional capital base 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 measurement)					
Leverage ratio buffer requirement (%)					
Overall leverage ratio requirement (%)	3.0	3.0	3.0	3.0	3.0
Liquidity coverage ratio					
Total high-quality liquid assets (weighted value – average)*	3,027,868	2,986,169	2,933,458	2,881,012	2,863,987
Cash outflows – Total weighted value*	4,982,851	4,718,364	4,668,727	4,680,323	4,701,467
Cash inflows – Total weighted value*	4,652,917	4,342,143	4,332,083	4,315,508	4,530,718
Total net cash outflows (adjusted value)	1,245,713	1,181,496	1,169,087	1,171,986	1,177,272
Liquidity coverage ratio (%)	248	254	252	248	246
Net stable funding ratio					
Total available stable funding	49,163,382	45,119,232	44,010,384	42,115,379	41,669,854
Total required stable funding	40,874,702	38,026,077	36,959,004	35,376,329	35,026,800
Net stable funding ratio (%)	120	119	119	119	119

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

CAPITAL BASE

(Including the Board's proposed allocation of profits)

Common Equity Tier 1 capital Instruments and reserves	31/12/2024	31/12/2023
Capital instruments and the related share premium accounts	400,000	400,000
Retained earnings	904,368	1,290,389
Accumulated other comprehensive income (and other reserves)	5,319,490	4,559,511
Common Equity Tier 1 capital before regulatory adjustments	**6,623,859**	**6,249,900**
Common Equity Tier 1 capital: regulatory adjustments		
Additional value adjustments	-141	-115
Intangible assets	-41,451	-64,018
Other regulatory adjustments	-2,603	-2,548
Total regulatory adjustments to Common Equity Tier 1 capital	**-44,196**	**-66,680**
Common Equity Tier 1 (CET1) capital	**6,579,663**	**6,183,220**
Tier 1 capital contribution: Instrument		
Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Tier 1 capital contribution	**6,579,663**	**6,183,220**
Tier 2 capital	-	-
Total capital (Common Equity Tier 1 capital + Tier 2 capital)	**6,579,663**	**6,183,220**
Total risk-weighted assets	**31,895,521**	**27,422,136**



CAPITAL REQUIREMENT AND RISK-WEIGHTED EXPOSURE AMOUNT

	31/12/2024			31/12/2023		
Credit risk STD	Capital requirement	Risk-weighted exposure amount	Average risk weighting	Capital requirement	Risk-weighted exposure amount	Average risk weighting
Exposures to states and central banks	-	-	0.0%	–	–	0.0%
Exposures to municipalities, and comparable home-owners associations and authorities	-	-	0.0%	–	–	0.0%
Exposures to administrative bodies, non-commercial companies and religious communities	258	3,231	20.0%	229	2,864	20.00%
Exposures to institutions	44,869	560,867	20.0%	31,452	393,147	20.00%
Corporate exposures	76,333	954,160	83.9%	69,347	866,838	92.92%
Retail exposures	45,279	565,992	67.2%	28,531	356,637	63.60%
Exposures in default	821	10,265	144.4%	1282	16,022	149.52%
Covered bonds	11,640	145,501	10.0%	10,843	135,532	10.00%
Equity exposures	2,250	28,128	100.0%	1,729	21,618	100.00%
Other items	2,240	28,003	100.0%	2,127	26,593	100.00%
Total capital requirements for credit risks according to the standardised method	**183,692**	**2,296,146**	**25.4%**	**145,540**	**1,819,251**	**26.3%**
Credit risk according to IRB						
Corporate exposures	898,802	11,235,020	74.7%	784,035	9,800,443	73.1%
Retail exposures	448,594	5,607,426	17.9%	414,895	5,186,183	17.5%
Non credit-obligation assets exposure	582,290	7,278,625	100.0%	459,006	5,737,581	100.0%
Total capital requirements for credit risks according to the IRB	**1,929,686**	**24,121,070**	**45.0%**	**1,657,936**	**20,724,207**	**42.5%**
Total	**2,113,377**	**26,417,217**	**42.2%**	**1,803,476**	**22,543,458**	**40.5%**
Operational risk according to the basic indicator approach	244,711	3,058,888	-	215,203	2,690,038	-
Credit value adjustment (CVA)	5,102	63,777	-	3,972	49,645	-
Additional risk exposure amounts according to Article 3 CRR	188,451	2,355,640	-	171,120	2,138,997	-
Total minimum capital requirement and risk-weighted exposure amount	**2,551,642**	**31,895,521**	**-**	**2,193,771**	**27,422,138**	**-**

The bank meets the minimum capital base requirement, which is a capital base of at least the total minimum capital requirement, and has a capital base which exceeds initial capital (the capital that was required when the company received a licence to provide financing services).

CAPITAL ADEQUACY

	31/12/2024	31/12/2023
Risk-weighted assets (RWA)	31,895,521	27,422,136
Available capital in relation to RWA		
Common Equity Tier 1 capital ratio, %*	20.63%	22.55%
Tier 1 capital ratio, %	20.63%	22.55%
Total capital ratio, %**	20.63%	22.55%
Common Equity Tier 1 capital ratio available for use as a buffer	4,028,021	3,989,449

*Common Equity Tier 1 capital in relation to risk-weighted exposure amount.

**Capital base in relation to risk-weighted exposure amount.

CAPITAL AND BUFFER REQUIREMENTS

	31/12/2024			31/12/2023		
	Common Equity Tier 1 Capital requirement	Tier 1 Capital requirement	Total capital base requirement	Common Equity Tier 1 Capital requirement	Tier 1 Capital requirement	Total capital base requirement
Per cent						
Minimum capital requirement	4.5	6	8	4.5	6	8
Capital conservation buffer	2.5	2.5	2.5	2.5	2.5	2.5
Countercyclical buffer	2	2	2	2	2	2
Total	9	10.5	12.5	9	10.5	12.5
Amount						
Minimum capital requirement	1,435,298	1,913,731	2,551,642	1,233,996	1,645,328	2,193,771
Capital conservation buffer	797,388	797,388	797,388	685,553	685,553	685,553
Countercyclical buffer	637,910	637,910	637,910	548,443	548,443	548,443
Total capital requirement	**2,870,597**	**3,349,030**	**3,986,940**	**2,467,992**	**2,879,324**	**3,427,767**

CAPITAL REQUIREMENT, CAPITAL BUFFERS AND INTERNALLY ASSESSED CAPITAL REQUIREMENT

31/12/2024	Capital requirement	Capital requirement / REA	Of which CET1 requirements / REA
Credit risk	2,113,377	6.63%	3.73%
Operational risk	244,711	0.77%	0.43%
CVA risk	5,102	0.02%	0.01%
Additional risk exposure amounts according to Article 3 CRR	188,451	0.59%	0.33%
Capital base requirement in Pillar 1 excluding buffer requirement	**2,551,642**	**8.00%**	**4.50%**
Concentration risk	360,714	1.13%	0.64%
Strategic risk	127,582	0.40%	0.23%
Market risk	124,597	0.39%	0.22%
Addition for internally assessed capital requirement in Pillar 2	**612,894**	**1.92%**	**1.08%**
Capital conservation buffer	797,388	2.50%	2.50%
Countercyclical capital buffer	637,910	2.00%	2.00%
Buffer requirement	**1,435,298**	**4.50%**	**4.50%**
Capital requirements	**4,599,834**	**14.42%**	**10.08%**
Capital base	**6,579,663**	**20.63%**	**20.63%**
Capital surplus	**1,979,829**	**6.21%**	**10.08%**

31/12/2023	Capital requirement	Capital requirement / REA	Of which CET1 requirements / REA
Credit risk	1,803,476	6.58%	3.70%
Operational risk	215,203	0.78%	0.44%
CVA risk	3,972	0.01%	0.01%
Additional risk exposure amounts according to Article 3 CRR	171,120	0.62%	0.35%
Capital base requirement in Pillar 1 excluding buffer requirement	**2,193,771**	**8.00%**	**4.50%**
Concentration risk	281,819	1.03%	0.58%
Strategic risk	109,689	0.40%	0.23%
Market risk	111,543	0.41%	0.23%
Addition for internally assessed capital requirement in Pillar 2	**503,050**	**1.83%**	**1.03%**
Capital conservation buffer	685,553	2.50%	2.50%
Countercyclical capital buffer	548,443	2.00%	2.00%
Buffer requirement	**1,233,996**	**4.50%**	**4.50%**
Capital requirements	**3,930,817**	**14.33%**	**10.03%**
Capital base	**6,183,220**	**22.55%**	**22.55%**
Capital surplus	**2,252,402**	**8.21%**	**12.52%**

The internal capital evaluation on 31 December 2024 resulted in an internal capital requirement of SEK 3,165 million (2,697). If the combined buffer requirement is included, the bank's capital requirement totals SEK 4,600 million (3,931). Therefore the capital surplus, calculated on the internal capital requirement including the buffer requirement, totals SEK 1,980 million (2,252).

LEVERAGE RATIO

	31/12/2024	31/12/2023
Tier 1 capital	**6,579,663**	**6,183,220**
Total assets according to public financial statements	58,059,881	49,791,778
Adjustments for financial derivative instruments	90,093	62,306
Adjustments for off-balance sheet items (i.e. conversion to credit equivalents for off-balance sheet exposures)	1,019,384	1,057,677
Other adjustments	-3,718,336	-2,557,336
Exposure measurement	**55,451,023**	**48,354,425**
Leverage ratio, %	11.87	12.79

CAPITAL MANAGEMENT

The bank's strategies and methods for assessing and maintaining its capital base requirement are determined by its risk management. The bank's risk management seeks to identify and analyse the risks that arise in the course of its operations, and to define appropriate limits for such risks and make sure the required controls are in place. The risks are monitored and regular checks made to ensure limits are not exceeded. The bank has an integrated function for independent risk control that reports directly to the CEO and is tasked with analysing changes in risks and proposing amendments to policies and processes where required.

To assess whether the internal capital is adequate to serve as a basis for current and future activities and to ensure that the capital is of the right size and composition, the bank has its own internal capital adequacy assessment process. The process is a tool that makes sure the bank clearly and correctly identifies, measures and manages all risks to which it is exposed, and makes an assessment of its internal capital requirement in relation to this. This also includes making sure the bank has risk management systems and appropriate governing and control functions in place. The internal capital adequacy assessment process is performed at least once a year

The ICAAP process is based on the risk identification and self-assessment workshops that are held with key individuals in the company. The risks are quantified using the method the bank deems to be appropriate for each type of risk. An assessment is made for each type of risk with regard to whether additional capital is required to cover the specific risk type. The assessment is based on Pillar 1 capital requirements and additional capital is added where necessary for other risks. The internal capital adequacy assessment is then stress-tested to ensure that the bank's capital level can be maintained also in stressed scenarios. The stressed scenarios are forward-looking and based on a three-year business plan. The Board of Directors and management consider the bank's risk management to be satisfactory and that its risk management system is appropriate and consistent with its existing strategies.

NOTE 3. Accounting policies

The bank's annual report has been prepared in accordance with the Annual Accounts for Credit Institutions and Investment Firms Act (1995:1559), the Regulations and General Recommendations of the Swedish Financial Supervisory Authority on Annual Accounts of Credit Institutions and Investment Firms (FFFS 2008:25) in accordance with the amending regulation in FFFS 2009:11 and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board. The bank applies IFRS with certain limitations contained in Swedish statutes, i.e. the standards adopted for application subject to the limitations contained in RFR 2 and FFFS 2008:25. This means that all IFRS and interpretations adopted by the EU have been applied insofar as this is possible subject to the Swedish Annual Accounts Act and with regard to the relationship between accounting and taxation. The annual report was approved for publication by the Board of Directors on 20 March 2025. The income statement and balance sheet will be submitted for adoption at the Annual General Meeting on 4 June 2025.

Unless otherwise indicated, the accounting policies described below have been applied consistently for all periods presented in the financial statements. The financial statements are presented in Swedish kronor, and unless otherwise indicated, all figures are rounded to the nearest thousand.

3.1 Judgements and estimates 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; see also section 3.10
- 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; see also sections 3.11 and 3.14
- 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.

3.2 Changes in accounting policies

Amendments to IFRS during 2024 had no material effect on the bank's financial statements.

3.2.1 APPLICATION OF NEW IFRS AND FUTURE REGULATIONS

IFRS 18 – Presentation and disclosures in financial statements
On 9 April 2024, the IASB published a new standard, IFRS 18 – Presentation and disclosures in financial statements, which replaces IAS 1 – Presentation of financial statements. Given that IFRS 18 is adopted by the EU, and that the effective date proposed by the IASB is not changed, the standard will be applied from the beginning of the 2027 financial year. IFRS 18 entails new requirements for presentation and disclosures in financial statements with a particular focus on the income statement and disclosures concerning management performance measures. The standard is not expected to entail any financial effects for the bank as IFRS 18 focuses on presentation and disclosures in the financial statements.

3.3 Subsidiaries and associates

The bank accounts for participations in subsidiaries and associates using the cost method. Profit from associated companies is reported under Other operating income.

3.4 Foreign currency

The bank's reporting currency, which is also its functional currency, is the Swedish krona. Transactions in foreign currency are translated to Swedish kronor using the exchange rate on the transaction date. Monetary assets and liabilities in foreign currency are translated to Swedish kronor at the closing rate.
Foreign exchange differences arising on translation are recognised under Net result from financial transactions in the income statement.

3.5 Interest income and expenses and dividend

Interest income on receivables and interest expense on liabilities are calculated using the effective interest method. The effective interest rate is the interest rate at which the present value of all estimated future incoming and outgoing payments during the expected fixed-rate term is equal to the carrying amount of the receivable or liability. Interest income and interest expense includes, where applicable, accrued fees received that are included in the effective interest rate, transaction costs and any discounts, premiums and other differences between the original value of the receivable or liability and the amount settled at maturity.

Interest income from financial assets valued at amortised cost are recognised on an 'of which' line.

Interest income is recognised on the basis of the net value of the assets in stage 3 and the gross carrying amount (i.e. excluding loss provisions) for assets in stages 1–2.

Interest income and interest expense presented in the income statement consist of:

- Interest on financial assets and liabilities measured at amortised cost using the effective interest method.
- Interest on derivatives for which hedge accounting is not applied and which is measured at fair value through profit or loss.
- Interest paid and accrued on derivatives that are hedging instruments and for which hedge accounting is applied.
- Interest on financial assets measured at fair value.

Negative interest income is reported as interest expense and positive interest expense is reported as interest income.

Dividends from shares and participations are reported in the item Dividends received when the right to receive payment is determined.

Interest paid and accrued is recognised as interest income for interest rate derivatives that hedge financial assets, and as a part of interest expense for interest rate derivatives that hedge financial liabilities. Unrealised changes in the value of derivatives are reported in the item Net result from financial transactions; see Note 10.

3.6 Classification of leases and recognition of lease income

The bank reports its financial leases according to the regulations that apply for operating leases. All leases in which the bank is the lessor are thus accounted for under the rules for operating leases, which means that assets for which a lease has been concluded are recognised in the same line of the balance sheet as the corresponding lease assets owned by the bank. In the 'Lease income' item in the balance sheet, lease income is recognised on a gross basis, i.e. before depreciation according to plan.

'Net lease income from finance leases that are accounted for as operating leases' (see also Note 6) includes depreciation according to plan over the term of the lease and is recognised using the annuity method (see also basis of depreciation). Accordingly, these contracts give rise to a higher net income at the beginning of the contract term and a lower net income at the end of the contract term. Net lease income from leases that constitute operating leases based on their economic substance includes depreciation according to plan allocated over the term of the lease and is recognised on a straight-line basis (see also basis of depreciation). This means net income is held constant over the term of the contract.

In all of the bank's leases with customers, the customer has a contractual right to early settlement. If the contractual interest rate is higher than the current interest rate, the customer must pay an amount to cover the difference. Because of this, the agreements are cancellable. However, monthly or quarterly interest already charged is not cancellable. See Note 32.

When the bank makes disclosures about credit risk in Note 2, these disclosures about financial leasing receivables are however made based on the leases' financial content. Furthermore, the bank reports expected credit losses for finance leases in the same way as for lending (see also 3.10).

3.7 Commission and fee income

The bank's commissions and revenues consist primarily of remunerations for services rendered in credit cards, lending and leasing operations. The most common payment terms are 30 days. The bank's various fees and commission income are reported as follows:

3.7.1 COMMISSIONS AND FEES THAT ARE INCLUDED IN THE EFFECTIVE INTEREST RATE

Commissions and fees that are an integral part of the effective interest rate are recognised for all financial instruments measured at amortised cost as part of the cost of the related asset, which is allocated to accounting periods using the effective interest method and is thus accounted for as interest income and not as commission income. These commissions and fees comprise mainly fees for the provision of credit facilities or other types of loan commitments in cases where it is likely that the credit facility will be drawn.

3.7.2 COMMISSIONS AND FEES THAT ACCRUE AS PERFORMANCE COMMITMENTS ARE FULFILLED

Commissions and fees relating to financial services performed on an ongoing basis, and where the services (performance commitments) are achieved gradually, are reported and allocated as income over the period during which the service is provided and the performance commitment is fulfilled. These services and fees relate primarily to fees for credit facilities or other types of loan promise where it is not likely that the facility will be used.

3.7.3 COMMISSIONS AND FEES EARNED WHEN A SPECIFIC SERVICE IS PERFORMED

These commissions and fees are generally related to a specific transaction and are recognised as income immediately. These fees and commissions include various types of notification fees, and debit and credit card fees.

3.8 Commission expenses

Commission expenses are transaction-dependent and directly related to transactions whose revenues are recognised as commission income. This item comprises fees for services received to the extent that they are not classified as interest, e.g. clearing and bank giro expenses, custodial fees and fees paid to Upplysningscentralen, a business and credit reference agency. Transaction costs that are taken into account in calculating the effective interest rate are not recognised here.

3.8.1 COMMISSIONS AND FEES THAT ARE INCLUDED IN THE EFFECTIVE INTEREST RATE

Commissions and fees that are an integral part of the effective interest rate are recognised for all financial instruments measured at amortised cost as part of the cost of the related liability, which is allocated to accounting periods using the effective interest method and is thus accounted for as interest expense and not as commission expense. These commissions and fees consist mainly of loan arrangement fees and fees for the provision of credit facilities or other types of loan commitments in cases where it is likely that the credit facility will be drawn.

3.9 Financial instruments

A financial asset or financial liability is recognised in the balance sheet when the bank becomes a party to the contractual terms of the instrument. A financial asset is derecognised when the rights under the contract are realised, expire or when the bank loses control over them. The same applies to a portion of a financial asset. A financial liability is derecognised when the obligation under the contract is discharged or otherwise extinguished. The same applies to a portion of a financial liability. A financial asset and financial liability are offset in the balance sheet only when there exists a legal right to offset the amounts and there is an intention to settle the items on a net basis or to simultaneously realise the asset and settle the liability. Acquisitions and sales of financial assets are recognised on the transaction date, which is the date on which the bank undertakes to acquire or sell the asset. Loan commitments are not recognised in the balance sheet. Loans are recognised in the balance sheet upon payment of the loan amount to the borrower. An impairment loss on a loan commitment is recognised if the commitment is irrevocable and is made to a borrower for which a need for impairment has been identified even before the loan is paid out or when the lending rate does not cover the bank's borrowing costs for funding the loan.

3.9.1 CLASSIFICATION AND MEASUREMENT

Financial instruments are recognised initially at the fair value of the instrument plus transaction costs, except for derivatives classified as financial assets or liabilities at fair value, which are recognised at fair value less transaction costs.

The company's financial assets and liabilities are categorised as described in Note 36.

Financial assets and liabilities are measured at amortised cost

Apart from derivatives and the bank's shareholding in VISA, all financial assets are valued at amortised cost. The assets are considered to be held in the context of a business model whose objective is to hold financial assets for the purpose of collecting contractual cash flows and that the contractual provisions for those assets give rise, at certain times, to cash flows that are only payments of principal and interest on the amount of the outstanding principal. Amortised cost is determined on the basis of the effective interest calculated at the time of acquisition. Provisions for expected credit losses are made for assets in this measurement category. Apart from derivatives, all financial liabilities are measured at amortised cost.

Financial assets and liabilities are recognised at fair value via the income statement

All derivatives and the bank's shareholding in VISA are classified as equity instruments and are measured initially and on a continual basis at fair value in the balance sheet. If hedge accounting is not applied, the changes in value are recognised in the income statement and derivatives are categorised as measured at fair value, even in cases where they hedge risk financially but where hedge accounting is not applied. If hedge accounting is applied, the changes in value of the derivative and the hedged item are reported in the manner described in the Derivatives and hedge accounting section.

Measurement of financial instruments at fair value

Fair values for financial assets and liabilities traded on an active market are based on quoted prices. The company uses other measurement techniques for other financial instruments. The bank uses observable data as far as possible. Financial instruments where trade is not frequent and fair value is therefore less objective, require the bank to make assessments to a varying extent depending on liquidity, concentrations, uncertainties regarding market factors, price assumptions and other risks affecting a specific instrument. For a description of the methods applied in fair value measurement of financial instruments, see Note 36.

3.10 Credit losses and impairment related to credit risk

The bank's credit portfolio consists mainly of vehicle finance. Total lending in respect of vehicle finance mainly comprises loans and leases that have been transferred or pledged to the bank by the vehicle seller, with collateral in the form of vehicles through right of repossession or ownership rights. Under a recourse agreement with the dealer, the dealer bears the ultimate credit risk for these credit contracts should they be called in by the bank.

A loss is incurred by the bank as a result of these contracts in the following circumstances:

- The customer ceases to pay.
- The vehicle seller lacks the ability to pay.
- The market value of the recovered vehicle is less than the outstanding contractual debt.

In addition to vehicle finance, the bank's lending consists of loans and advances to the public in the form of card credits and other loans; loans and advances to credit institutions with bank deposits and investments in interest-bearing securities in the form of housing and municipal bonds and commercial papers. On each reporting occasion, the bank considers whether there is objective evidence indicating a need to impair a receivable.

3.10.1 IMPAIRMENT OF FINANCIAL ASSETS

The accounting policies mean that expected credit losses are reported for loans and advances to the public and other items on the balance sheet that are recorded at amortised cost. In addition, loss provisions on off-balance sheet exposures to submitted loan commitments are also recognised, e.g. unused card credits. In the initial accounts, a loss provision is reported based on what can be statistically expected for the next 12 months (stage 1). Where a significant increase in credit risk has occurred, the loss provision is instead calculated for the entire remaining expected term (stage 2 or, if the exposure is regarded as a credit impairment, stage 3). The bank makes no assumptions concerning early redemption, as maturity is presumed to be the contractual term.

The provision for credit losses is measured according to a model of expected credit losses and reflects a probability-weighted amount determined by evaluating a range of possible outcomes, while taking into account reasonable and verifiable information accessible on the reporting date. Credit loss provisions are measured on the basis of whether or not a significant increase has occurred in credit risk compared with the initial recognition of an instrument.

- Stage 1 covers financial instruments where no significant increase in credit risk has occurred since the initial recognition and the counterparties covered by the bank's policy for low credit risk at the time of reporting.
- Stage 2 covers financial instruments where a significant increase in credit risk has occurred since the initial recognition but where, at the time of reporting, there is no objective evidence that the receivable is doubtful.
- Stage 3 covers financial instruments where objective evidence has been identified that the receivable is doubtful.

Notes

For financial instruments under stage 1, the provision corresponds to the credit loss expected to occur within 12 months, while for the financial instruments in stage 2, where a significant increase in credit risk has been identified, as well as doubtful receivables in stage 3, the provision corresponds to the expected credit losses for the remaining term of the financial instrument. The expected credit losses for the remaining term of the financial instrument represent losses from all default incidents possible during the remaining term of the financial instrument. The credit losses expected to occur within 12 months represent the part of the expected credit losses for the remaining term of the financial instruments that are due to default incidents within 12 months of the reporting date.

3.10.1.1 RECOGNITION OF EXPECTED CREDIT LOSSES – LOANS AND ADVANCES TO THE PUBLIC AND LOAN COMMITMENTS ISSUED

The bank's loans and advances to the public consist mainly of card credits and vehicle loans reported at amortised cost.

Determination of a significant increase in credit risk

A credit that has been the subject of a significant increase in credit risk is no longer included in stage 1 but rather in stage 2 (provided that it is not credit-impaired). The bank considers whether a significant increase in credit risk has occurred by using a combination of individual and collective information, and reflects the increase in credit risk at the individual instrument level. The quantitative method used to assess increased credit risk consists of a forward-looking estimate of each individual risk of exposure to default. The method is based on the bank's system for classifying credit risk. The scale of rating classes goes from 1 (indicating the best risk class) to 8 (indicating the worst risk class). Depending on the initial rating of the loan, movement along a certain number of stages on this rating scale is required in the direction of a poorer rating in order for the credit risk to be considered to have increased significantly. The worse the initial rating, the fewer stages the rating needs to deteriorate before a significant increase in credit risk is considered to have arisen. When the borrower has overdue unpaid amounts older than 30 days, these exposures are always considered to be exposures with a significant increase in credit risk. If, at a later stage, the internal rating has improved to a sufficient extent, such that a significant increase in credit risk is no longer considered to apply when compared with the initial recognition, the credit will be reverted from stage 2 to stage 1.

PD model (retail and SMEs)

Initial risk category	New risk category
1	6
2	6
3	6
4	6
5	6
6	7

In addition to risk category jumps, there are also a number of qualitative criteria for increasing credit risk. These were:

- Debtor deceased
- Debtor emigrated
- Bankruptcy or liquidation
- Receivables sold to an external partner
- Overdraft
- Reminders
- Invoices or agreements moved to debt recovery
- Forbearance measures
- Non-performing exposures

Credit-impaired loans

As in accordance with previous principles, loss provisions are recognised for the remaining term of credit-impaired exposures (previously termed doubtful loans) once one or more events that have a negative effect on estimated future cash flow for the financial asset have occurred (stage 3). A loan is considered to be credit-impaired based on the same criteria as those used under previous principles for the definition of a doubtful loan, i.e. where payments are more than 90 days late or there is other evidence in the form of observable information of the following events:

- Significant financial difficulty of the debtor.
- A default or delinquency in interest or principal payments, or other breach of contract.
- The granting by the lender, for economic or legal reasons relating to the borrower's financial difficulty, of a concession that the lender would not otherwise consider.
- A growing likelihood that the borrower will enter bankruptcy or other financial reorganisation.

Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

Concessions granted by the bank due to a borrower's financial difficulty can also constitute objective evidence that the loan is impaired.

If a loan previously deemed credit-impaired is no longer so deemed, a transfer will be made either to stage 2 (if there is a significant increase in credit risk compared with when the loan was granted) or to stage 1.

Measurement of expected credit losses

Expected credit losses are calculated for each individual credit exposure as the discounted product of the probability of default (PD), credit exposure in the event of default (EAD) and loss in the event of default (LGD).

The bank's definition of default is close to the regulatory definition of default as it is used in managing credit risk. This means that an exposure to a specified counterparty must be regarded as defaulted if any of the following criteria are met:

1. The bank considers it likely that the counterparty will not be able to meet its obligations to the institution unless the institution realises possible collateral or takes similar measures.

2. The counterparty is more than 90 days late with a payment in respect of anything other than a trivial amount.

PD corresponds to the probability of a borrower defaulting at a given point during the remaining term of the financial asset. To help with assessing the probability of default, the bank has created a number of different PD models based on the inclusion of a number of different business areas, different types of counterparties and different products, etc. in the bank's portfolio. For commitments within the balance sheet, the EAD is, in principle, the gross value of the exposure without regard to provisions. For off-balance sheet commitments, the EAD is calculated by using a conversion factor (CF) to multiply the unused amount that the counterparty is able to use under the terms of the contract. The CF is the measure of the proportion of the unused limit expected to be used in the event of default. The EAD thus becomes the sum of the current commitment and expected utilisation of the remaining limit. The LGD corresponds to the expected credit loss on a defaulted credit exposure, taking into account the characteristics of the counterparty and the product type. Expected credit losses are determined by calculating the PD, LGD and EAD for each future month up to the end of the expected term of a credit exposure. These three parameters are multiplied and adjusted by the probability of survival or the likelihood that the credit exposure has not been prepaid or defaulted for a previous month. In this way, the monthly expected credit losses are calculated, which are then discounted back to the reporting date with the original effective interest rate and totalled. Totalling the monthly expected credit losses up to the end of the expected term gives the expected credit losses for the remaining term of the asset, and the sum of the credit losses expected to occur within 12 months gives the expected credit losses for the next 12 months.

When calculating the expected credit losses, the bank takes into account three scenarios (a base scenario, a positive scenario and a negative scenario) based on the unemployment rate. In the base scenario, the unemployment rate follows the National Institute of Economic Research (NIER) forecast; in the negative scenario, the unemployment rate is higher, while in the positive scenario, the unemployment rate is lower than the rate forecast by NIER. The extent to which the unemployment rate is higher or lower in the positive and negative scenarios is determined by the standard deviation of historical deviations between realised values of the unemployment rate and NIER forecasts. The three scenarios are weighted 70%, 15% and 15% for the base, negative and the positive scenarios respectively.

The term of an instrument is relevant both to the assessment of a significantly increased credit risk, which takes into account changes in the probability of default for the remaining term, and the measurement of expected credit losses for the remaining term of the asset. Generally, the expected term is limited to the maximum contractual period during which the bank is exposed to a credit risk. All contractual terms are taken into account when determining the expected term, including repayment, extension and transfer options that are binding on the bank. The only exception to this general principle applies to certain revolving credits, such as credit cards, where the expected term is estimated based on the period in which the bank is exposed to credit risk and where credit losses cannot be mitigated by risk management measures. The length of this 'behavioural' term is determined using product-specific historical data and extends up to 2 years.

For a sensitivity analysis for expected credit losses, see Note 15.

Modifications

As of 31 December 2024, the bank had no loans with a significant modification. Hence, the bank reports no impairments due to modifications in the note Loans and advances to the public.

3.10.1.2 RECOGNITION OF EXPECTED CREDIT LOSSES – INTEREST-BEARING SECURITIES

The bank also recognises loss provisions on interest-bearing securities that are recognised at amortised cost. The bank's basic methodology for calculating loss provisions for interest-bearing securities is the same as for loans and advances to the public. However, the sources of information on the parameters used (PD, LGD and EAD) differ. In the case of PD, it is derived from the external rating of the securities and the externally available information from the rating agencies Moody's and Standard and Poor's about the risk of default that this rating is associated with. The bank has chosen to determine the LGD factor based on statistics from Moody's, where the factor is the average of the last five years' reported loss rates. In the initial accounts, the statistically expected loss is reported over the next 12 months (stage 1). A significant increase in credit risk is subsequently considered to have taken place when there has been a deterioration in the external rating, and credit losses are then recognised for the remaining term (stage 2). A deterioration in the external rating is considered to take place when the initial rating is changed from investment grade to non-investment grade. If, at a later stage, the external rating has improved to a sufficient extent, such that a significant increase in credit risk is no longer considered to apply when compared with the initial recognition, the security will be reverted to stage 1. The bank considers that financial assets on instruments with counterparties that are States and financial institutions and which have a low credit risk on the reporting date (with investment grade rating or better) are not considered to have been subject to a significantly increased credit risk. The bank uses the same criteria to assess whether an interest-bearing security is credit-impaired as for loans and advances to the public.

3.10.1.3 RECOGNITION OF EXPECTED CREDIT LOSSES – LOANS AND ADVANCES TO CREDIT INSTITUTIONS

The bank's loans and advances to credit institutions are also within the scope of accounting for expected credit losses. Since all lending to credit institutions is refundable on demand, the bank has assessed that the assets have a very low risk of default; there is therefore no impairment for expected credit losses for loans and advances to credit institutions.

3.10.1.4 RECOGNITION OF EXPECTED CREDIT LOSSES – LEASE ITEMS

The bank also recognises impairments for lease items, which in the balance sheet are recognised as tangible assets.

Lease items in the balance sheet include both the residual value of the lease (non credit-obligation assets exposure) and future rents (customer exposure). The calculation of credit losses is based on customer exposure value. An impairment test according to IAS 36 (see also section 3.14) is carried out for contracts where the bank guarantees the residual value, and for contracts where the dealer guarantees residual value, the dealer bears the risk under a recourse agreement. The bank's basic methodology for calculating loss provisions for the lease items is the same as for loans and advances to the public. For the PD parameter, the internal source systems are the data source, where the variables included in the calculation differ between card credits and vehicle financing. As with card credits, the LGD factor is based on the bank's internal historical data.

3.10.1.5 RECOGNITION OF EXPECTED CREDIT LOSSES – ACCOUNTS RECEIVABLE

The bank also reports loss provisions on accounts receivable reported under other assets.

The bank's basic methodology for calculating loss provisions for trade receivables is the same as for loans and advances to the public.

3.10.1.6 PRESENTATION AND RECOGNITION OF CREDIT LOSSES IN THE BALANCE SHEET AND INCOME STATEMENT

For financial assets valued at amortised cost, provisions for credit losses are presented in the balance sheet as a decrease in the gross carrying amount of the asset. Loan commitments are an off-balance sheet component. In cases where a financial instrument consists of two components, one loan and one loan commitment, such as a revolving overdraft facility, the bank reports the credit loss provision for the loan and loan commitment combined.

Changes in loss provisions are recognised in the income statement on the Net credit losses line, except the lease items that are recognised under operating expenses and impairments on lease assets.

A write-off reduces the gross carrying amount of the financial asset. Credit losses and write-offs are presented in the income statement as credit losses. Write-offs are made when the amount of the loss is considered finally established; they are reported under credit losses and represent the amount prior to the utilisation of the previously made provision. Repayments of write-offs and recoveries of provisions are recognised in credit losses.

3.10.1.7 RECOGNITION OF ACTUAL CREDIT LOSSES

Receivables classified as credit-impaired are written off from the balance sheet when the credit loss is considered realised, which occurs when the administrator has submitted an estimate of the distribution of assets in a bankruptcy, a composition with creditors has been agreed or the debt has otherwise been remitted, or if the loan is sold to an external party.

Once written off, the receivables are no longer recognised in the balance sheet. Recovery of previously written off loans is recognised as a reduction of credit losses in the net credit losses line in the income statement.

The bank wrote off no financial assets during the reporting period that were subject to compliance measures.

3.11 Tangible assets

The bank's financial assets consist mainly of owned lease objects.

All leases for assets where the bank is the lessor are accounted for under the rules for operating leases, which means that assets for which a lease has been concluded (regardless of whether it is a finance or operating lease) are recognised in the same line of the balance sheet as the corresponding lease assets owned by the bank. See also section 3.6.

Finance leases that are accounted for as operating leases are depreciated using the annuity method while all operating leases are depreciated on a straight-line basis. The estimated useful lives of lease items are in accordance with the lease terms of 1–6 years, and are written down to the estimated residual value. The applied depreciation methods and useful lives of assets are reviewed at each year-end; the residual value of assets is reviewed each month.

3.12. Tangible current assets

The bank's tangible current assets consist of vehicles the bank has previously leased under operating leases and which have been returned by the lessee at the end of the lease term. These vehicles are in turn intended for divestment.

The vehicles are valued at the lower of costs and net realisable value. Cost is the amount that corresponds to the carrying amount at the end of the lease with a direct downward adjustment of said carrying value in the case of e.g. verified damage. Net realisable value is determined based on the assessed sales value. The assessed sales value is obtained from an external supplier.

3.13 Intangible non-current assets

The bank's intangible assets consist of development expenditures in respect of software. Development expenditure that has been capitalised in the balance sheet is recognised at cost less accumulated amortisation and any impairment. See also section 3.15 Fund for development expenditures.

Amortisation is recognised in the income statement on a straight-line basis over the expected useful life of the intangible asset. Expected useful lives are reviewed at least annually. Amortisable intangible non-current assets are amortised from the date when they become available for use. The estimated useful lives are: software 3–5 years.

3.14 Impairment of tangible and intangible non-current assets and participations in subsidiaries and associated companies

3.14.1 IMPAIRMENT TESTING

The carrying amounts of the bank's assets are tested for impairment at the balance sheet date to determine any indication of a need to recognise impairment. If there is such an indication, the recoverable amount of the asset is calculated in accordance with IAS 36.

The bank conducts assessment of the assets used in operating leases concerning the need to recognise impairment on an ongoing basis. The bank conducts impairment tests for each individual lease object. Impairment occurs if the carrying amount is higher than the recoverable amount, which is the higher of fair value less selling expenses or value-in-use. Value-in-use is determined as the present value of the remaining rents and the present value of the expected residual value. The basic data for the expected residual value is obtained from an external supplier, which, in combination with the bank's own assessment, forms the basis for impairment testing.

3.14.2 REVERSAL OF IMPAIRMENT LOSSES

An impairment loss is reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the assumptions on which the calculation of the recoverable amount was based. As an additional limit, the reversal may never exceed the value of the carrying amount should no impairment ever have taken place.

Reversals of impairment losses are recognised as depreciation and impairment of tangible assets in the income statement.

3.15 Fund for development expenditures

The capitalised amount of self-generated development costs is transferred from unrestricted equity to the fund for development expenditures (development fund) under restricted equity. The fund will decrease in line with depreciation/amortisation or impairment of expenditure.

3.16 Retirement benefits through insurance

The bank's pension plans for collectively negotiated occupational pensions are secured through an insurance policy with Alecta. The pension plan for the bank's employees is considered to be a multi-employer defined benefit pension plan. However, the bank has made the assessment that UFR 10 Financial reporting of the ITP 2 pension plan funded through Insurance with Alecta, also applies to the bank's pension plan. Because the bank lacks sufficient information to recognise these pension plans under IAS 19, it recognises the plans as defined contribution plans in accordance with UFR 10. The bank's obligations in respect of contributions to defined contribution plans are expensed in the balance sheet as they are earned through the employees' performance of services for the bank over a period.

3.17 Group contributions and Appropriations

Group contributions are recognised in accordance with the alternative rule in RFR 2, and both paid and received Group contributions are recognised as appropriations.

Appropriations comprise provisions to, and withdrawals from, untaxed reserves. Untaxed reserves are recognised inclusive of deferred tax liability.

3.18 Derivatives and hedge accounting

Derivatives are used to hedge the risks of financial interest and foreign exchange risks to which the bank is exposed. The derivatives used by the bank are interest rate swaps to manage interest rates and interest exchange rate swaps to hedge the bank's exposure to currency fluctuations; see the sections Currency risk and Market risk.

The bank has chosen to continue applying the hedge accounting rules in IAS 39. Hedge instruments consist of interest rate swaps when hedging interest rate risks. The hedged items consist of fixed-rate borrowing, and the hedged risk is the risk of change in the fair value as a result of interest rate fluctuations. The bank only applies hedge accounting for those economic hedge relationships in which the impact on earnings would, in the view of the bank, become too misleading unless hedge accounting is applied.

For other economic hedges in which the impact on earnings of not applying hedge accounting is deemed to be limited, hedge accounting is not applied in view of the additional administrative work involved in using hedge accounting.

The bank has a non-dynamic hedging strategy. When a hedging instrument is used to hedge a fair value, the derivative is recognised at fair value in the balance sheet and the hedged asset/liability is also recognised at fair value in respect of the hedged risk. The change in value of the derivative is recognised in the income statement together with the change in value of the hedged item in the income statement under the item Net result from financial items at fair value. Unrealised changes in value of the hedging instruments are recorded in the Net result from financial transactions and interest coupons (both accrued and paid) among interest income. The source of inefficiencies is any difference in the discount curves between the hedging instrument and the hedged item; see Note 27.

NOTE 4. SEGMENT REPORTING

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 at the aggregate level.

Income statement	2024	2023	Change
Net interest income and net leasing*	1,137,159	1,200,352	-63,194
Dividends received	86	35	50
Commission income	452,474	421,042	31,431
Commission expenses	-227,360	-190,127	-37,233
Net result from financial transactions	-7,548	-27,715	20,166
Service, repair and tyre agreements	87,399	65,336	22,063
Disposals, operating leases	377,609	363,384	14,226
Other income	51,074	6,835	44,239
Operating income	**1,870,892**	**1,839,143**	**31,750**
Overhead expenses**	-801,956	-699,594	-102,362
Credit losses	-16,579	-17,934	1,355
Credit risk provision, change	-11,314	4,435	-15,749
Residual value reserve, change	-76,367	-105,950	29,583
Operating profit	**964,676**	**1,020,099**	**-55,423**

*Including depreciation of lease items.

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

Lending	31/12/2024	31/12/2023	Change
Car loans, Truck loans etc.	15,499,414	13,947,027	1,552,387
Contract credits	9,547	18,273	-8,725
Credit card credits	1,932,601	1,927,996	4,605
Inventory credits	300,584	470,734	-170,149
Promissory note loans	53,535	11,023	42,512
Lease items	31,244,548	26,086,832	5,157,716
Lending	**49,040,230**	**42,461,884**	**6,578,345**

Product Information	31/12/2024	31/12/2023	Change
Number of transferred loans and leases	194,544	191,485	3,059
of which loans	88,740	88,864	-124
of which leases	105,804	102,621	3,183

	31/12/2024	31/12/2023	Change
Average amount per contract loan and leasing	240	209	31
of which loans	175	157	18
of which leases	295	254	41

Cars

The Cars segment consists of three businesses: Retail Cars, OEM and Payments, all aimed at consumers and small companies.

Passenger cars, light trucks and other products that are sold and used by our partners, often in package solutions comprising insurance, service agreements and credit cards, are financed by Retail Cars. The close collaboration with Volvo Cars and Volvo dealers can also be found e.g. in Retail Cars under the Volvofinans brand. Other marques are also financed under the Ziklo brand, and during the spring of 2024 the bank further extended its offer and began financing camper vans and caravans. OEM, original equipment manufacturer, includes financing of EVs from Polestar. The manufacturer has hitherto only had one model available on the market but has now launched additional models, in which the business will participate with financing. During the fourth quarter of 2024, Ziklo Bank acquired a Volvo Car Sverige portfolio known as Care by Volvo, which consisted of lease items to both private and corporate customers in Sweden.

New passenger car registrations in Sweden totalled 269,582 in 2024, which is 7% fewer compared to the previous year. Companies accounted for 65% of newly registered vehicles and the share of rechargeable vehicles was 58%, which is slightly lower than in 2023. Volvo's and Polestar's share of new car registrations totalled 19.6% for the year. The industry organisation Mobility Sweden forecasts 275,000 new passenger car registrations for 2025. In 2024, sales of used cars increased by 8.6% compared to the previous year. In total, the Swedish dealerships sold more than 385,000 used cars, according to the industry association Vroom.

The Payments business offers card payments and digital payment solutions aimed at creating convenient payment solutions for all mobility requirements.
Using CarPay, the bank's customers can pay for their workshop visits and fuel stops in Volvo dealerships directly in the app. Bonus checks can be redeemed in Volvo dealerships, when charging EVs, and on public transit and trains. On the partner side, we offer a point-of-sale system with card redemption, terminals and several different payment options, in addition to the loyalty programme. The business also provides a subscription service where various customer subscriptions for service agreements, tyre changes, car washes and other aftermarket services can be created and paid for using the bank's E-checkout. The digital customer journey for vehicle financing is under constant development, and together with digital payment solutions, the bank focuses intensely on living up to our customer promise of flexible, simple and smarter payments.

	2024	2023	Change
Net interest income and net leasing*	808,127	856,622	-48,496
Dividends received	86	35	50
Commission income	298,739	276,415	22,324
Commission expenses	-218,691	-181,426	-37,265
Net result from financial transactions	-5,501	-25,143	19,642
Disposals, operating leases	61,410	40,100	21,311
Other income	41,148	5,117	36,031
Operating income	**985,318**	**971,720**	**13,599**
Overhead expenses**	-545,671	-479,392	-66,279
Credit losses	-16,121	-17,718	1,597
Credit risk provision, change	-9,319	5,650	-14,969
Residual value reserve, change	-52,748	3,122	-55,870
Operating profit	**361,459**	**483,382**	**-121,922**

*Including depreciation of lease items.

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

Product information, loans and leasing	31/12/2024	31/12/2023	Change
Number of contracts	146,242	143,890	2,352
Total volume, SEK million	27,396	23,006	4,390
of which transferred, %	99.2	98.6	0.6
of which pledged, %	0.8	1.4	-0.6
of which loans, %	38.8	40.8	-2.0
of which leases, %	61.2	59.2	2.0
Private leasing as a proportion of total leases, %	34.6	28.9	5.7

Product information, cards	2024	2023	Change
Number of unique active accounts	534,282	547,813	-13,531
Average number of active accounts	362,508	373,727	-11,219
Total volume, SEK million	1,927	1,922	5
Average number of credit customers	67,537	69,515	-1,978
Total sales Volvo Card, SEK million	17,284	17,581	-297
of which fuel, %	25.3	31.9	-6.6
of which workshop, %	13.9	15.3	-1.4
of which retail store, %	0.9	0.8	0.0
of which car wash, %	0.9	0.9	-0.0
of which sales outside Volvo dealers, %	54.1	47.1	7.1
of which other (incl. vehicle loans and insurance), %	4.9	4.0	0.9

Trucks

The Trucks segment offers loans and lease financing for new and used trucks including trailers, superstructures and other equipment.

The bank's financing level for new vehicles in recent years has stabilised at around 54%. The financing level for battery-powered trucks, used trucks and trailers is around 60%.

Together with Volvo Trucks and the Swedish Volvo dealers, we develop our financing products and service offering on an ongoing basis in order to modernise our mutual customer offering. eControl is one such product – an invoicing and monitoring system for hauliers' vehicle-related expenditures. Consulting is another service where the bank guides and helps hauliers in their transition to sustainable haulage.

	2024	2023	Change
Net interest income and net leasing*	113,959	125,172	-11,213
Commission income	4,879	4,217	662
Commission expenses	-1,190	-1,112	-79
Net result from financial transactions	-1,181	-1,806	625
Other income	2,577	289	2,288
Operating income	**119,043**	**126,760**	**-7,716**
Overhead expenses**	-45,844	-36,933	-8,911
Credit losses	-	-	-
Credit risk provision	8	-149	157
Operating profit	**73,207**	**89,678**	**-16,471**

*Including depreciation and impairment of lease items.

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

Product information, loans and leasing	31/12/2024	31/12/2023	Change
Number of contracts	7,779	7,984	-205
Total volume, SEK million	6,890	6,390	500
of which transferred, %	93.9	93.0	1.0
of which pledged, %	6.1	7.0	-1.0
of which loans, %	76.8	78.0	-1.3
of which leases, %	23.2	22.0	1.3
Operating leases as a proportion of total leases, %	21.7	25.1	-3.4

Fleet

Ziklo Fleet Services manages and finances vehicle fleets for all kinds of companies through operational or financial leasing solutions (or a combination of both). Whether a customer needs just one or several hundred vehicles, we can help with a simple, flexible overall solution based on the customer's specific needs. We attach great importance to our advisory role in our customers' green transition and how they can best adapt to new and future regulations.

Product development is a constant work in progress, as are launches of new digital services to make things simpler for our customers and drivers. Under our continuous improvement efforts, we have been proud to note several years running, a high satisfied employee index of 66 eNPS (on a scale from -100 to +100), as well as a very high customer satisfaction index of 93.

During the year, the number of agreements rose by around 6% compared to the previous year, where the Fleet market also increased by a total of around 2%. The majority of the new contracts were in the operational leasing category. The market for second-hand cars continued to be strong during the year, which is also reflected in the disposal gains for the sale of returned operational leasing cars.

	2024	2023	Change
Net interest income and net leasing*	215,073	218,558	-3,485
Commission income	148,856	140,411	8,445
Commission expenses	-7,478	-7,589	110
Net result from financial transactions	-866	-765	-101
Service, repair and tyre agreements	87,399	65,342	22,057
Disposals, operating leases	316,199	323,284	-7,085
Other income	7,349	1,423	5,926
Operating income	**766,531**	**740,664**	**25,867**
Overhead expenses**	-210,441	-183,270	-27,171
Credit losses	-459	-217	-242
Credit risk provision, change	-2,003	-1,066	-937
Residual value reserve, change	-23,619	-109,072	85,453
Operating profit	**530,010**	**447,039**	**82,971**

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

Product Information	31/12/2024	31/12/2023	Change
Number of financing contracts	42,495	42,394	101
Number of administered contracts	55,101	51,843	3,258
Total volume, SEK million	13,495	11,716	1,778
of which operating leases, %	70.0	69.4	0.6
of which financial leases, %	30.0	30.6	-0.6

Income statement

NOTE 5. Net interest income

Interest income	2024	2023
Lending to credit institutions	94,922	100,065
Loans and advances to the public	1,097,204	1,053,485
Interest-bearing securities	163,215	140,889
Other interest income	1,755	905
Total	**1,357,096**	**1,295,344**
of which interest income assets measured at amortised cost	1,339,627	1,272,487
Interest expenses		
Liabilities to credit institutions	-63,422	-61,907
Deposits and borrowing from the public	-835,358	-694,833
Expense for deposit guarantee	-25,105	-24,223
Issued interest-bearing securities	-563,100	-462,108
Derivatives	-153,376	-114,055
Subordinated liabilities	–	-4,656
Other interest expenses	-35,548	-30,222
Total	**-1,675,910**	**-1,392,004**
Of which interest expenses from financial assets measured at amortised cost	–	-525
Total net interest income	**-318,814**	**-96,660**

NOTE 6. Lease income and accumulated net interest income

All leases are reported as operating leases in the balance sheet (even if the lease is a finance lease based on the substance of the contract) and the (gross) income from these contracts is recognised as lease income.

Net lease income	2024	2023
Income from contracts recognised as operating leases	7,218,542	7,261,825
Depreciation according to plan for contracts recognised as operating leases	-5,762,570	-5,964,812
Net lease income from contracts recognised as operating leases	**1,455,972**	**1,297,013**
Accumulated net interest income		
Lease income from finance leases (recognised as operating leases in the balance sheet)	3,393,145	3,724,401
Depreciations according to plan for finance leases (recognised as operating leases in the balance sheet)	-2,708,752	-3,059,197
Net lease income from finance leases*	**684,393**	**665,204**
Interest income	1,357,096	1,295,344
Interest expenses	-1,675,910	-1,392,004
Combined net interest income**	**365,579**	**568,544**
Total leasing and net interest income		
Net lease income from contracts recognised as operating leases	1,455,972	1,297,013
Net interest income in accordance with Note 5	-318,814	-96,660
Total leasing and net interest income	**1,137,158**	**1,200,353**
Interest margin***, %	0.65	0.82
Average lending rate, %	5.61	5.58
Average deposit rate (incl. cost for deposit guarantee scheme), %	2.89	3.10

*Finance leases recognised as operating leases, net.

**Combined net interest income is affected partly by interest expenses for financing operating leases and partly by the building-up of a liquidity reserve by the bank.

***Total interest income as a percentage of average total assets less total interest expense as a percentage of average total assets excluding average equity and untaxed reserves.

NOTE 7. Dividends received

	2024	2023
Shares and participations*	86	35
Total	**86**	**35**

*Cash dividend Visa Sweden förening ek. för.

NOTE 8. Commission income

	2024	2023
Commission income Credit card	212,644	183,301
Commission income, loans and leases	239,830	237,742
Total	452,474	421,042

NOTE 9. Commission expenses

	2024	2023
Payment processing commissions	-5,639	-4,847
Sales commission	-156,467	-124,074
Other commissions	-65,254	-61,206
Total	**-227,360**	**-190,127**

NOTE 10. Net result from financial transactions*

GAIN/LOSS BY MEASUREMENT CATEGORY INCLUDING EXCHANGE RATE CHANGES

	2024	2023
Change in the fair value of derivative assets intended for risk management, not hedge accounting	45,087	41,440
Change in the fair value of derivative liabilities for risk management purposes, not hedge accounting	-55,804	-70,646
Financial liabilities at amortised cost**	-556	-
Realised and unrealised changes in fair value in respect of shares and participations	3,653	1,152
Change in fair value of derivatives that are hedging instruments in a fair value hedge	25,230	43,714
Change in fair value of hedged item attributable to the hedged risk in a fair value hedge	-25,157	-43,374
Total	**-7,548**	**-27,715**

*Financial assets valued at amortised cost totalled 0.
**Also includes realised premium or discount on repurchase of debt.

NOTE 11. Other operating income

	2024	2023
Capital gains on the sale of tangible assets	1,314	3,241
Revenues, service and repair contracts	87,399	65,336
Disposals, operating leases	377,609	363,384
Of which sales revenue	(2,169,039)	(1,514,606)
Of which cost of goods sold	(-1,791,430)	(-1,151,222)
Income from associated companies	5,975	3,118
Reversal of opening VAT following review	43,130	–
Other operating income	656	476
Total	**516,083**	**435,555**

NOTE 12. General administrative expenses

	2024	2023
Salaries and fees	-195,109	-170,357
Social security contributions	-63,761	-55,523
Cost of pension premiums*	-25,627	-21,490
Payroll tax	-6,220	-5,225
Other personnel costs	-7,533	-6,923
Total personnel costs	**-298,250**	**-259,518**
Rents and other costs for premises	-23,176	-21,245
IT costs	-336,605	-275,435
Consulting services	-20,827	-19,801
Contract personnel	-7,175	-4,555
Audit	-2,906	-2,340
Postage and phones	-5,489	-6,345
Other	-18,606	-18,501
Total other general administrative expenses	**-414,784**	**-348,222**
Total general administrative expenses	**-713,034**	**-607,740**

*Total pension premiums were KSEK 25,641 (21,539), of which KSEK 12,949 (10,681) refers to Alecta ITP 2 pensions. Of the bank's pension costs, KSEK 3,960 (6,088) refer to the bank's senior executives 7 (14) people. The bank has no outstanding pension obligations. Costs for the financial year related to pension-based compensation for defined-contribution pensions totalled 33% (30).

Expected fees in the next reporting period for ITP 2 insurance policies with Alecta are KSEK 8,844 (8,929). The bank's share of the total contributions to the plan and the bank's share of the total number of active members of the plan are 0.04% and 0.04% respectively. The collective funding ratio is defined as the market value of Alecta's assets as a percentage of its commitments to policyholders calculated using Alecta's actuarial methods and assumptions, which do not comply with IAS 19. Normally, the collective funding ratio is permitted to vary within a range of 125–175%. If Alecta's collective funding ratio falls below 125% or exceeds 175%, measures must be taken to enable the ratio to return to the normal range. Measures that can be taken in the event of a low collective funding ratio include raising the agreed price for new subscriptions and expanding the existing benefits. A high collective funding ratio can be addressed by reducing premiums. At year-end 2024, Alecta's surplus in the form of the collective funding ratio was 162% (178).

BREAKDOWN OF SALARIES AND OTHER REMUNERATION BY SENIOR EXECUTIVES AND OTHER EMPLOYEES, AND SOCIAL SECURITY CONTRIBUTIONS

	2024			2023		
	Senior executives (18 people)	Other employees	Total	Senior executives (26 people)	Other employees	Total
Salaries and other remunerations	-15,665	-179,454	195,109	-23,672	-146,685	-170,357
of which variable remuneration	(-)	(-121)	(-121)	(-)	(-458)	(-458)
Total	**-15,665**	**-179,454**	**-195,109**	**-23,672**	**-146,685**	**-170,357**
Social security contributions	-8,925	-86,683	-95,608	-13,744	-68,494	-82,238
of which pension costs	(-3,960)	(-27,887)	(-31,847)	(-6,088)	(-20,627)	(-26,715)

SALARIES AND FEES

Members of the Board receive fixed fees as resolved by the AGM. The remuneration payable to the CEO is decided by the Board based on a proposal from the Remuneration committee. The remuneration payable to other senior executives is decided by the CEO. The remuneration to the CEO and other senior executives consists of basic salary, other benefits and pension. The term 'other senior executives' refers to the 6 people who, together with the CEO, make up company management.

The contractual retirement age is 66 years. In case of termination of the CEO's employment contract by the bank, the CEO is entitled to pay for 6 months and up to an additional maximum of 6 months The latter consists of the difference between the fixed monthly Ziklo Bank salary and the lower income during the period concerned gained through employment or other gainful activities. The Remuneration committee consists of the Chairman of the Board and two additional Board members. Variable remuneration is not paid to members of the bank's management team, employees who make decisions on credits/limits or in the compliance and internal audit control functions.

SALARIES AND REMUNERATION OF SENIOR EXECUTIVES

	Basic salary / fee	Variable remuneration	Other benefits	Pension cost	Total
2024					
Chairman of the Board	-971	-	-	-	-971
Vice chairman of the Board	-697	-	-	-	-697
Members of the Board (9 people)	-2,064	-	-	-	-2,064
CEO	-2,934	-	-210	-1,006	-4,150
Other senior executives (6 people)	-8,989	-	-605	-2,953	-12,547
Total	**-15,655**	**-**	**-815**	**-3,959**	**-20,429**
2023					
Chairman of the Board	-945	–	–	–	-945
Vice chairman of the Board	-680	–	–	–	-680
Members of the Board (10 people)	-1,952	–	–	–	-1,952
CEO	-3,192	–	-177	-1,142	-4,511
Other senior executives (12 people)	-16,904	–	-1,197	-4,946	-23,047
Total	**-23,673**	**–**	**-1,374**	**-6,088**	**-31,135**

REMUNERATIONS TO THE BOARD OF DIRECTORS

Name	Position (2024/2023)	2024	2023
Urmas Kruusval – June	Chair	-480	-945
Bjorn Ingemanson June –	Chair	-491	-
Synnöve Trygg	Vice chairman	-697	-680
Ann Hellenius	Member	-314	-302
Per Avander	Member	-400	-400
Björn Rentzhog	Member	-200	-200
Jonas Estéen	Deputy	-100	-100
Johan Ekdahl	Member	-400	-375
Johan Ahlberg	Deputy	-150	-150
Anna Wibring	Deputy	-100	-100
Jessica Span	Member	-250	-125
Oscar Bertilsson Olsborg	Deputy	-100	-50
Total		**-3,732**	**-3,627**

Loans to senior executives	2024	2023
Senior executives' loans in the company	33	122
CEO and Deputy CEO	–	–
Board members and Deputy Board members	–	–
Total	33	122

Loans to senior executives total KSEK 33 (122). Interest for these executives totals KSEK 1 (5). The terms and conditions of loans to senior executives are the same as for the bank's other employees.

PERSONNEL INFORMATION

	2024			2023		
	Men	Women	Total	Men	Women	Total
Average number of employees	144	158	302	132	149	281
Gender distribution in management						
CEO	1	-	1	1	-	1
Board of Directors	7	4	11	8	4	12
Other senior executives	4	2	6	9	4	13
Number	**12**	**6**	**18**	**18**	**8**	**26**

AUDITORS' FEES AND EXPENSES

PwC	2024	2023
Audit assignment	-2,460	-
Audit services in addition to audit assignment	-345	-
Tax advice	-	-
Other services	-322	-
Total	**-3,127**	-
KPMG		
Audit assignment	-	-2,095
Audit services in addition to audit assignment	-101	-245
Tax advice	-	-45
Other services	-	-13
Total	**-101**	**-2,398**
Total	**-3,228**	**-2,398**

NOTE 13. Depreciation and impairment of tangible and intangible non-current assets

	2024	2023
Depreciations according to plan	-5,788,711	-5,978,882
Reversed impairment charges during the year	143,995	85,852
Impairment charges	-224,268	-192,467
Total	-5,868,984	-6,085,497
Depreciations according to plan		
Inventory	-1,028	-2,542
Lease items	-5,762,570	-5,964,812
Intangible non-current assets	-25,114	-11,528
Total	-5,788,711	-5,978,882
Impairment charges, net		
Impairment charges / Reversals; lease item credit risk	-3,906	-665
Impairment charges / Reversals; lease item residual value risk	-76,367	-105,950
Intangible non-current assets	-	-
Total	**-80,273**	**-106,615**

The increased impairment charges during the year in respect of residual value risk are explained by the bank's increased residual value positions in operational leasing. The discount rate consists of the consumer interest on the individual asset. For 2024, this means an interest spread between 1.6%–7.6% (1.3%–9.2%). For further information on the bank's residual risk, see Note 2, residual risk section, and Note 4.

NOTE 14. Other operating expenses

	2024	2023
Fees to central organisations	-6,386	-3,659
Insurance costs	-2,747	-2,929
Marketing costs	-59,555	-63,898
Other operating expenses	5,908	-7,297
Total	**-62,780**	**-77,783**

Notes

NOTE 15. Credit losses, net

Credit losses	31/12/2024	31/12/2023
Loans at amortised cost (incl. unused part of limit)		
Provisions – stage 1	6,049	5,397
Provisions – stage 2	15,500	15,734
Provisions – stage 3	11,774	4,122
Total reserve	**33,323**	**25,253**

	2024 Jan–Dec	2023 Jan–Dec
Loans at amortised cost (incl. unused part of limit)		
Change in provisions – stage 1	-652	11,391
Change in provisions – stage 2	234	-4,839
Change in provisions – stage 3	-7,652	-1,239
Total change in provisions	**-8,070**	**5,313**
Write-off, confirmed credit losses	-17,834	-19,934
Recoveries of previously confirmed credit losses	1,714	2,233
Total	**-16,120**	**-17,701**
Credit losses, net*	**-24,190**	**-12,388**

*Should be read together with the line 'Total actual customer losses for lease items' further down the Note, and compared with the income statement and the Credit losses line.

Credit losses	31/12/2024	31/12/2023
Lease assets		
Provisions – stage 1	5,535	3,313
Provisions – stage 2	944	642
Provisions – stage 3	2,761	1,378
Total reserve	**9,240**	**5,333**

	2024 Jan–Dec	2023 Jan–Dec
Lease assets		
Change in provisions – stage 1	-2,221	-235
Change in provisions – stage 2	-302	-235
Change in provisions – stage 3	-1,383	-194
Total change in provisions**	**-3,906**	**-664**
Write-off, confirmed credit losses	-459	-235
Recoveries of previously confirmed credit losses	-	2
Total***	**-459**	**-233**
Credit losses, net	**-4,365**	**-897**

**Refer to the Income statement and the line 'Depreciation and impairment of tangible and intangible non-current assets'. Note 13 refers to the line 'Impairment charges / Reversals; lease item credit risk'.

***Should be read together with the line 'Credit losses, net loans at amortised cost' in the note's first table for comparison with the income statement and the line 'Credit losses'.

Credit losses	31/12/2024	31/12/2024
Financial fixed assets		
Provisions – stage 1	455	1,129
Provisions – stage 2	11	-
Provisions – stage 3	-	-
Total reserve	**466**	**1,129**

	2024 Jan–Dec	2023 Jan–Dec
Financial fixed assets		
Change in provisions – stage 1	673	-214
Change in provisions – stage 2	-11	-
Change in provisions – stage 3	-	-
Total change in provisions	**-662**	**-214**
Credit losses, net****	**-662**	**-214**

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

Credit losses	31/12/2024	31/12/2023
Total assets		
Provisions – stage 1	12,039	9,839
Provisions – stage 2	16,455	16,376
Provisions – stage 3	14,535	5,500
Total reserve	**43,029**	**31,715**

	2024 Jan–Dec	2023 Jan–Dec
Total assets		
Change in provisions – stage 1	-2,200	10,942
Change in provisions – stage 2	-79	-5,074
Change in provisions – stage 3	-9,035	-1,433
Total change in provisions	**-11,314**	**4,435**
Write-off, confirmed credit losses	-18,293	-20,169
Recoveries of previously confirmed credit losses	1,714	2,235
Total	**-16,579**	**-17,934**
Credit losses, net	**-27,893**	**-13,499**

In 2024, credit losses increased by SEK 11.3 million primarily due to more defaults as a result of the poor economic climate.

SENSITIVITY ANALYSIS OF THE BANK'S ECL MODEL

The table below shows how the provision would be affected on 31 December 2024 in the case of a PD increase..

	Expected credit loss (percentage difference)
Current provision, SEK million	43.0
Percentage difference in expected credit loss were PD to increase by 20%	12%

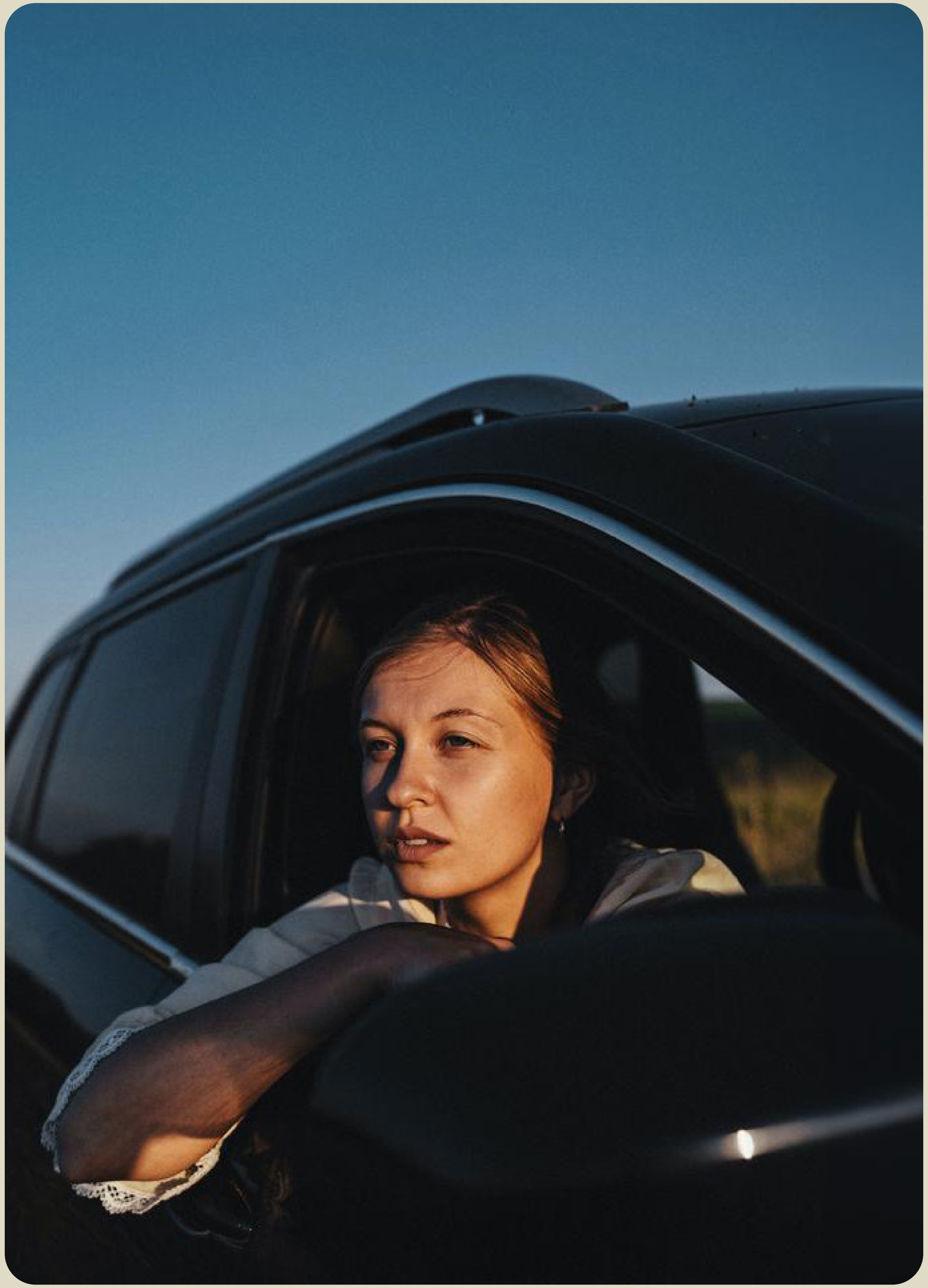
NOTE 16. Appropriations

	2024	2023
Accelerated depreciations/reversals	-964,039	-1,017,742
Total	**-964,039**	**-1,017,742**

NOTE 17. Tax on profit for the year

	2024	2023
Current tax expense		
Tax expense for the year	-572	-2,075
Adjustment of tax attributable to previous years	-66	-282
Total reported tax expense	**-638**	**-2,357**

Reconciliation of effective tax	2024		2023	
Profit before income tax		638		2,357
Tax at applicable tax rate	-20.6%	-118	-20.6%	-486
Adjustment of tax attributable to previous years	-10.3%	-66	-9.5%	-224
Non-deductible expenses	-122.0%	-779	-68.1%	-1,606
Non-taxable income	50.9%	325	-1.8%	-41
Reported effective tax	**-102.1%**	**-638**	**-100.0%**	**-2,357**



Balance sheet

NOTE 18. Treasury bills eligible as collateral etc.

	Carrying amount 31/12/2024	Carrying amount 31/12/2023
Securities issued by the state	–	–
Securities issued to municipalities and other public bodies	1,684,154	1,830,992
Total	**1,684,154**	**1,830,992**
Positive difference due to carrying amounts exceeding nominal values	13,154	18,992
Total	**13,154**	**18,992**

All assets in the balance sheet item are included in stage 1 when calculating expected credit losses, which means no significant increase in credit risk has taken place and that the loss provisions is calculated based on the anticipated losses for the coming 12 months. The accumulated loss provisions for expected credit losses reported in the income statement, and which reduces the carrying amount of the balance sheet item, totals KSEK 332.

NOTE 19. Lending to credit institutions

	31/12/2024	31/12/2023
Outstanding receivables in Swedish currency, gross	2,660,161	1,854,022
of which to Swedish commercial banks	2,660,160	1,854,022
of which payable on demand	2,660,161	1,854,022

The credit quality of loans and advances to credit institutions is very high. The item consists of deposits with major Nordic banks, which had ratings of Aa2–A3 on Moody's scale on the balance sheet date.

Because receivables from credit institutions are payable on demand, expected credit losses are negligible, and no loss provision for expected credit losses is reported.

NOTE 20. Loans and advances to the public

The bank's total lending including lease items is SEK 49.0 billion (42.5). The stated values are reduced by impairment for credit risk for each credit. For lending to the public, the values are KSEK 34,493 (25,211) lower than the gross values of the receivables. See also Notes 21, 25 and 26.

The bank's loans and advances to the public consist of card credits, vehicle loans, hire purchase credits and dealer inventory credits.

Recognised loss provisions include loss provisions for loan commitments (undrawn card limits and undrawn limits when lending to Volvo dealers). Total loan commitments stood at SEK 10.0 billion (10.3 billion).

	31/12/2024	31/12/2024
Outstanding receivables in Swedish currency, gross	17,830,175	16,400,263
Impairment for credit losses	-34,493	-25,211
Carrying amount, net	**17,795,682**	**16,375,052**

CHANGES IN GROSS CARRYING AMOUNT AND LOSS PROVISIONS

	Not credit impaired		Credit impaired	
31/12/2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount				
Gross carrying amount as of 1 January 2024	**15,432,938**	**863,070**	**104,257**	**16,400,265**
Financial assets for new agreements in force at year-end*	7,244,802	245,771	53,681	7,544,254
Financial assets for closed agreements in force at beginning of year**	-2,990,547	-205,253	-41,353	-3,237,153
*Net changes within the stage****				
In stage 1	-2,648,774			-2,648,774
In stage 2		-56,027		-56,027
In stage 3			-10,630	-10,630
*Transfers between stages*****				
From and to stage 1 (to and from stages 2 and 3)	-322,081			-322,081
From and to stage 2 (to and from stages 1 and 3)		-89,862		89,862
From and to stage 3 (to and from stages 1 and 2)			70,439	70,439
Gross carrying amount as of 31 December 2024	**16,716,338**	**937,443**	**176,394**	**17,830,175**
Loss provisions				
Loss provisions as of 1 January 2024	**-2,934**	**-13,952**	**-3,767**	**-20,653**
Financial assets for new agreements in force at year-end	-350	-482	-640	-1,472
Financial assets for closed agreements in force at beginning of year	257	6,004	2,707	8,968
*Net changes within the stage****				
In stage 1	-228			-228
In stage 2		-2,964		-2,964
In stage 3			108	108
*Transfers between stages*****				
From and to stage 1 (to and from stages 2 and 3)	1,292			1,292
From and to stage 2 (to and from stages 1 and 3)		-1,053		-1,053
From and to stage 3 (to and from stages 1 and 2)			-8,175	-8,175
Change in interest reserves			-1,363	-1,363
Loss provisions as of 31 December 2024	**-1,963**	**-12,447**	**-11,130**	**-25,540**
Opening balance as of 1 January 2024	**15,430,004**	**849,118**	**100,490**	**16,379,612**
Closing balance as of 31 December 2024	**16,714,375**	**924,996**	**165,264**	**17,804,635**
Unutilised limits (off-balance)				
Unutilised limits as of 1 January 2024	10,040,192	206,996	2,187	10,249,375
Financial assets for new agreements in force at year-end*	455,677	10,930	240	466,847
Financial assets for closed agreements in force at beginning of year	-491,279	-23,886	-899	-516,064
*Net changes within the stage****				
In stage 1	-158,623			-158,623
In stage 2		1,210		1,210
In stage 3			-9	-9
*Transfers between stages*****				
From and to stage 1 (to and from stages 2 and 3)	6,782			6,782
From and to stage 2 (to and from stages 1 and 3)		-20,729		-20,729
From and to stage 3 (to and from stages 1 and 2)			6,019	6,019
Unutilised limits as of 31 December 2024	**9,852,749**	**174,521**	**7,538**	**10,034,808**
Loss provisions for unutilised limits (off-balance)				
Loss provisions as of 1 January 2024	-2,306	-1,724	-528	-4,558
Financial assets for new agreements in force at year-end	-176	-78	-66	-320
Financial assets for closed agreements in force at beginning of year	11	-	29	40
*Net changes within the stage****				
In stage 1	-226			-226
In stage 2		-347		-347
In stage 3			-22	-22
*Transfers between stages*****				
From and to stage 1 (to and from stages 2 and 3)	-1,163			-1,163
From and to stage 2 (to and from stages 1 and 3)		-822		-822
From and to stage 3 (to and from stages 1 and 2)			-1,536	-1,536
Loss provisions as of 31 December 2024	**-3,860**	**-2,971**	**-2,123**	**-8,954**
Opening balance as of 1 January 2024	**10,037,886**	**205,272**	**1,659**	**10,244,817**
Closing balance as of 31 December 2024	**9,848,889**	**171,550**	**5,415**	**10,025,854**

	Not credit impaired		Credit impaired	
31/12/2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount				
Gross carrying amount as of 1 January 2023	**15,703,579**	**679,480**	**84,690**	**16,467,749**
Financial assets for new agreements in force at year-end*	6,383,186	193,251	25,204	6,601,641
Financial assets for closed agreements in force at beginning of year**	-3,694,803	-174,416	-42,312	-3,911,531
*Net changes within the stage****				
In stage 1	-2,582,045			-2,582,045
In stage 2		-36,038		-36,038
In stage 3			-1,498	-1,498
*Transfers between stages*****				
From and to stage 1 (to and from stages 2 and 3)	-376,979			-376,979
From and to stage 2 (to and from stages 1 and 3)		200,793		200,793
From and to stage 3 (to and from stages 1 and 2)			38,173	38,173
Gross carrying amount as of 31 December 2023	**15,432,938**	**863,070**	**104,257**	**16,400,265**
Loss provisions				
Loss provisions as of 1 January 2023	-9,485	-9,723	-2,803	-22,011
Financial assets for new agreements in force at year-end	-376	-577	-384	-1,337
Financial assets for closed agreements in force at beginning of year	1,132	3,895	2,322	7,349
*Model changes, new agreements******	94	-3		91
*Net changes within the stage****				
In stage 1	-7,419			-7,419
In stage 2		-1,859		-1,859
In stage 3			86	86
*Model changes within stages******	11,015	-563	-210	10,242
*Transfers between stages*****				
From and to stage 1 (to and from stages 2 and 3)	589			589
From and to stage 2 (to and from stages 1 and 3)		-2,447		-2,447
From and to stage 3 (to and from stages 1 and 2)			-2,644	-2,644
*Model changes between stages******	1,516	-2,675	-1	-1,160
Change in interest reserves			-133	-133
Loss provisions as of 31 December 2023	**-2,934**	**-13,952**	**-3,767**	**-20,653**
Opening balance as of 1 January 2023	**15,694,094**	**669,757**	**81,887**	**16,445,738**
Closing balance as of 31 December 2023	**15,430,004**	**849,118**	**100,490**	**16,379,612**
Unutilised limits (off-balance)				
Unutilised limits as of 1 January 2023	**10,459,166**	**97,186**	**3,446**	**10,559,798**
Financial assets for new agreements in force at year-end*	505,572	17,166	259	522,997
Financial assets for closed agreements in force at beginning of year	-629,727	-12,729	-1,101	-643,557
*Net changes within the stage****				
In stage 1	-169,548			-169,548
In stage 2		-2,732		-2,732
In stage 3			-132	-132
*Transfers between stages*****				
From and to stage 1 (to and from stages 2 and 3)	-125,271			-125,271
From and to stage 2 (to and from stages 1 and 3)		108,105		108,105
From and to stage 3 (to and from stages 1 and 2)			-285	-285
Undrawn limits as of 31 December 2023	**10,040,192**	**206,996**	**2,187**	**10,249,375**
Loss provisions for unutilised limits (off-balance)				
Loss provisions as of 1 January 2023	-7,119	-1,161	-265	-8,545
Financial assets for new agreements in force at year-end	-215	-63	-57	-335
Financial assets for closed agreements in force at beginning of year	64	-	32	96
*Net changes within the stage****				
In stage 1	5,742			5,742
In stage 2		123		123
In stage 3			102	102
*Transfers between stages*****				
From and to stage 1 (to and from stages 2 and 3)	-778			-778
From and to stage 2 (to and from stages 1 and 3)		-623		-623
From and to stage 3 (to and from stages 1 and 2)			-340	-340
Loss provisions as of 31 December 2023	**-2,306**	**-1,724**	**-528**	**-4,558**
Opening balance as of 1 January 2023	**10,452,047**	**96,025**	**3,181**	**10,551,253**
Closing balance as of 31 December 2023	**10,037,886**	**205,272**	**1,659**	**10,244,817**

*Vehicle loans, card credits, hire purchase credits and dealer inventory credits signed during the year. The gross value shown in the table is the gross carrying amount at the end of the first contract month.

**Vehicle loans, card credits, hire purchase credits and dealer inventory credits signed before the beginning of the year and ended during the year. The gross carrying amount shown in the table during the month in which the contract ends. The amounts refer to the paid-up contract or contract ended due to confirmed credit losses.

***Net changes in the stage include the following types of changes: for vehicle loans, this heading will cover changes in the loss provision due to a change in credit risk during the year but which have not led to a change in the stage covered in the section 'Transfers between stages' below. For card credits, the same type of change as for vehicle loans is covered in this section. Also, changes in ECL due to an increase or decrease in utilised credit limits are also covered for card credits (contracts) already signed at the beginning of the year. The amounts also include changes in the gross carrying amount arising during the period before a contract is ended. As with card credits, changes due to a change in credit risk and change in the undrawn limit are covered.

****Transfers between stages include vehicle loans, card credits, hire purchase agreements and inventory credits that were part of a different stage in the CB than in the OB. Changes in the loss provision also includes changes in the loss provision for undrawn limits.

*****Model changes refer in their entirety to the adaptation of the ECL model following the new IRB models. See Note 2 in the Credit risk section and also Expected credit losses (ECL).

In 2024, gross lending to the public increased by approx SEK 1,430 million (-67). It consists of newly concluded contracts with a value of SEK 7.5 billion (6.6). Paid-up contracts or those removed for some other reason (e.g. confirmed credit losses) have caused the value to fall by SEK 3.2 billion (3.9). The gross value of contracts in force at the beginning of the year and at year-end fell by SEK 2.9 billion (2.8). The greatest change in the gross amount occurred in Stage 1. During the year, credit losses increased by SEK 9.3 million (-5.4) primarily due to more defaults as a result of the poor economic climate. The bank's interest reserve increased by SEK 1.4 million (0.13) during the year.

GROSS CARRYING AMOUNT AND LOSS PROVISIONS – BY INDUSTRY

	31/12/2024			31/12/2023		
	Gross carrying amount	Loss provisions	Net carrying amount	Gross carrying amount	Loss provisions	Net carrying amount
Loans and advances to the public						
Private customers	11,815,515	-30,600	11,784,915	10,592,917	-23,439	10,569,478
Business customers						
Transport	4,211,225	-683	4,210,542	3,981,934	-509	3,981,425
Trade in motor vehicle servicing	829,767	-1,543	828,224	871,013	-256	870,757
Construction	441,637	-302	441,335	386,649	-291	386,358
Other lending to businesses	532,031	-1,365	530,666	567,750	-716	567,034
Total loans and advances to the public	**17,830,175**	**-34,493**	**17,795,682**	**16,400,263**	**-25,211**	**16,375,052**

NOTE 21. Bonds and other interest-bearing securities

	Carrying amount 31/12/2024	Carrying amount 31/12/2023
Issued by Swedish borrowers		
House mortgage institution	1,454,978	1,355,316
Non-financial companies	834,739	855,309
Securities issued by municipalities	129,351	-
Total	**2,419,068**	**2,210,625**
Positive difference due to carrying amounts exceeding nominal values	14,068	12,625
Total	**14,068**	**12,625**

The majority of assets in the balance sheet item are included in stage 1 when calculating expected credit losses, which means no significant increase in credit risk has taken place and that the loss provisions is calculated based on the anticipated losses for the coming 12 months. The accumulated loss provisions for expected credit losses reported in the income statement, and which reduces the carrying amount of the balance sheet item, totals KSEK 134, of which 11 are in respect of stage 2.

NOTE 22. Shares and participations in associates and other companies

	31/12/2024	31/12/2023
Securities		
Carrying amount 1 January	14,876	14,233
Settlement of shares in limited partnerships in previous years	-3,118	-3,626
Unrealised change in value, shares in VISA Inc	3,653	1,151
Disposal of shares in VISA Inc	–	–
Share in limited partnership earnings for the year	5,975	3,118
Carrying amount, 31 December	**21,386**	**14,876**

	Profit	Equity	Proportion of equity	Carrying amount
2024				
Visa Inc C	–	–	–	10,271
Volvohandelns PV Försäljnings AB*, Co. Reg. No 556430-4748, Gothenburg	4,567	50,677	16,723	1,000
Volvohandelns PV Försäljnings KB, Co. Reg. No 916839-7009, Gothenburg	19,265	56,676	6,969	6,969
VCC Tjänstebilar KB, Co. Reg. No 969673-1950, Gothenburg	3,404	14,640	1,851	1,851
VCC Försäljnings KB, Co. Reg. No 969712-0153, Gothenburg	1,231	5,377	1,295	1,295
Total	**28,468**	**127,370**	**26,839**	**21,386**
2023				
Visa Inc C	–	–	–	6,618
Volvohandelns PV Försäljnings AB*, Co. Reg. No 556430-4748, Gothenburg	2,125	46,110	15,216	1,000
Volvohandelns PV Försäljnings KB, Co. Reg. No 916839-7009, Gothenburg	5,555	41,577	3,542	3,542
VCC Tjänstebilar KB, Co. Reg. No 969673-1950, Gothenburg	6,888	16,402	2,722	2,722
VCC Försäljnings KB, Co. Reg. No 969712-0153, Gothenburg	29	4,167	994	994
Total	**14,597**	**108,256**	**22,474**	**14,876**

*Volvohandelns PV Försäljnings AB is a general partner in all limited partnerships.

The bank owns 33% of Volvohandelns PV Försäljnings AB, 25% of Volvohandelns PV Försäljnings KB, 25% of VCC Tjänstebilar KB and 25% of VCC Försäljnings KB. At the AGM, each person entitled to vote has the right to vote the full number of shares he or she represents.

In 2024, profits of the limited partnerships were settled with the partners.

NOTE 23. Shares and participations in Group companies

Autofinans Nordic AB, CarPay Sverige AB, Volvofinans Leasing AB and Volvofinans IT AB are wholly owned dormant subsidiaries.

	Co. Reg. No.	Registered office	Earnings in 2024
Unlisted securities			
CarPay Sverige AB	556268-7052	Gothenburg	–
Volvofinans IT AB	556004-3621	Gothenburg	–
Volvofinans Leasing AB	556037-5734	Gothenburg	–
Autofinans Nordic AB	556094-7284	Gothenburg	–

Shares in wholly owned Group companies	Number of shares	Nom value	2024	2023
CarPay Sverige AB	2,000	200	240	240
Volvofinans IT AB	400	200	242	242
Volvofinans Leasing AB	10,000	1,000	1,200	1,200
Autofinans Nordic AB	50,000	5,000	5,060	5,060
Total book value of shareholdings			**6,742**	**6,742**

NOTE 24. Intangible non-current assets

Accumulated costs	Development expenditure	Acquired technology assets	Total
Opening balance 01/01/2023	124,434	-	124,434
Purchases for the year	5,022	51,300	56,322
Closing balance 31/12/2023	**129,456**	**51,300**	**180,756**
Opening balance 01/01/2024	129,456	51,300	180,756
Purchases for the year	2,547	-	2,547
Closing balance 31/12/2024	**132,003**	**51,300**	**183,303**
Accumulated depreciations and impairments			
Opening balance 01/01/2023	-105,209	-	-105,209
Depreciations for the year	-8,678	-2,850	-11,528
Impairment charges	-	-	-
Closing balance 31/12/2023	**-113,887**	**-2,850**	**-116,737**
Opening balance 01/01/2024	-113,887	-2,850	-116,737
Depreciations for the year	-8,014	-17,100	-25,114
Impairment charges	-	-	-
Closing balance 31/12/2024	**-121,901**	**-19,950**	**-141,851**
Carrying amounts			
31/12/2023	**15,568**	**48,450**	**64,018**
31/12/2024	**10,101**	**31,350**	**41,451**

NOTE 25. Tangible assets, inventory and lease items

	Inventory	Lease items	Total
Cost			
Opening balance 01/01/2023	29,481	34,871,684	34,901,165
Acquisitions	1,238	14,181,628	14,182,866
Disposals	-	-11,568,475	-11,568,475
Retirements	-8,422	-	-8,422
Closing balance 31/12/2023	**22,297**	**37,484,837**	**37,507,134**
Opening balance 01/01/2024	22,297	37,484,837	37,507,134
Acquisitions	1,332	17,395,883	17,397,215
Disposals	-	-13,013,680	-13,013,680
Retirements	-	-	-
Closing balance 31/12/2024	**23,629**	**41,867,040**	**41,890,669**
Depreciations			
Opening balance 01/01/2023	-25,996	-11,245,568	-11,271,564
Depreciations for the year	-2,542	-5,964,812	-5,967,354
Disposals	-	6,118,154	6,118,154
Retirements	8,422	-	8,422
Closing balance 31/12/2023	**-20,116**	**-11,092,226**	**-11,112,342**
Opening balance 01/01/2024	-20,116	-11,092,226	-11,112,342
Depreciations for the year	-1,028	-5,762,570	-5,763,598
Disposals	-	6,618,356	6,618,356
Retirements	-35	-	-35
Closing balance 31/12/2024	**-21,179**	**-10,236,440**	**-10,257,619**
Impairment charges			
Opening balance 01/01/2023	-	-199,164	199,164
Reversed impairment charges during the year	-	85,852	88,852
Impairment for the year	-	-192,467	-192,467
Closing balance 31/12/2023	-	-305,779	-305,779
Opening balance 01/01/2024	-	-305,779	-305,779
Reversed impairment charges during the year	-	143,995	143,995
Impairment for the year	-	-224,268	-224,268
Closing balance 31/12/2024	**-**	**-386,052**	**-386,052**
of which impairment for residual value risk	–	-376,812	-376,812
Carrying amounts			
01/01/2023	3,485	23,426,952	23,430,437
31/12/2023	**2,181**	**26,086,832**	**26,089,013**
01/01/2024	2,181	26,086,832	26,089,013
31/12/2024	**2,450**	**31,244,548**	**31,246,998**

See also Notes 2, 4 and 13 for further disclosures regarding impairment for residual risk.

The table below presents changes in the gross carrying amount and provisions for losses in respect of lease assets subject to impairment testing according to IFRS 9 (own company cars excluded).

GROSS CARRYING AMOUNT AND LOSS PROVISIONS

	Not credit impaired		Credit impaired	
31/12/2024	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
Gross carrying amount as of 1 January 2024	**25,183,292**	**949,536**	**220,325**	**26,353,153**
Financial assets for new agreements in force at year-end*	16,109,056	570,671	30,748	16,710,475
Financial assets for closed agreements in force at beginning of year**	-7,562,792	-274,701	-65,193	-7,902,686
*Net changes within the stage****				
In stage 1	-3,318,057			-3,318,057
In stage 2		-41,940		-41,940
In stage 3			-19,166	-19,166
*Transfers between stages*****				
From and to stage 1 (to and from stages 2 and 3)	-145,354			-145,354
From and to stage 2 (to and from stages 1 and 3)		-99,327		-99,327
From and to stage 3 (to and from stages 1 and 2)			49,981	49,982
Gross carrying amount as of 31 December 2024	**30,266,145**	**1,104,239**	**216,696**	**31,587,080**
Loss provisions				
Loss provisions as of 1 January 2024	**-3,291**	**-664**	**-1,378**	**-5,333**
Financial assets for new agreements in force at year-end	-3,468	-482	-635	-4,585
Financial assets for closed agreements in force at beginning of year	795	208	297	1,300
*Net changes within the stage****				
In stage 1	381			381
In stage 2		80		80
In stage 3			166	166
*Transfers between stages*****				
From and to stage 1 (to and from stages 2 and 3)	49			49
From and to stage 2 (to and from stages 1 and 3)		-86		-86
From and to stage 3 (to and from stages 1 and 2)			-1,211	-1,211
Loss provisions as of 31 December 2024	**-5,334**	**-944**	**-2,761**	**-9,239**
Opening balance as of 1 January 2024	**25,180,001**	**948,872**	**218,947**	**26,347,820**
Closing balance as of 31 December 2024	**30,260,611**	**1,103,295**	**213,935**	**31,577,841**

	Not credit impaired		Credit impaired	
31/12/2023	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
Gross carrying amount as of 1 January 2023	**22,335,564**	**1,106,127**	**145,024**	**23,586,715**
Financial assets for new agreements in force at year-end*	12,914,353	415,308	44,519	13,374,180
Financial assets for closed agreements in force at beginning of year**	-6,589,270	-300,132	-63,689	-6,953,091
*Net changes within the stage****				
In stage 1	-3,377,522			-3,377,522
In stage 2		-30,436		-30,436
In stage 3			-10,603	-10,603
*Transfers between stages*****				
From and to stage 1 (to and from stages 2 and 3)	-99,833			-99,833
From and to stage 2 (to and from stages 1 and 3)		-241,331		-241,331
From and to stage 3 (to and from stages 1 and 2)			105,074	105,074
Gross carrying amount as of 31 December 2023	**25,183,292**	**949,536**	**220,325**	**26,353,153**
Loss provisions				
Loss provisions as of 1 January 2023	**-3,056**	**-429**	**-1,184**	**-4,669**
Financial assets for new agreements in force at year-end	-2,036	-359	-180	-2,575
Financial assets for closed agreements in force at beginning of year	730	92	299	1121
*Model change new agreements******	-33	-9	-123	-165
*Net changes within the stage****				
In stage 1	1,113			1,113
In stage 2		-50		-50
In stage 3			1,013	1,013
*Model change within stage******	-65	-2	-1,401	-1,468
*Transfers between stages*****				
From and to stage 1 (to and from stages 2 and 3)	-21			-21
From and to stage 2 (to and from stages 1 and 3)		1162		1162
From and to stage 3 (to and from stages 1 and 2)			228	228
*Model change between stages******	76	-1,069	-29	-1,022
Loss provisions as of 31 December 2023	**-3,292**	**-664**	**-1,377**	**-5,333**
Opening balance as of 1 January 2023	**22,332,508**	**1,105,698**	**143,840**	**23,582,046**
Closing balance as of 31 December 2023	**25,180,000**	**948,872**	**218,948**	**26,347,820**

*Leasing credits signed during the year. The gross value shown in the table is the gross carrying amount at the end of the first contract month.

**Leases taken out before the start of the year and terminated during the year. The gross carrying amount shown in the table during the month in which the contract ends. The amounts refer to the paid-up contract or contract ended due to confirmed credit losses.

***Net changes in the stage include the following types of changes: for lease credits, this heading will cover changes in the loss provision due to a change in credit risk during the year but which have not led to a change in the stage covered in the section 'Transfers between stages' below. The amounts also include changes in the gross carrying amount arising during the period before a contract is ended.

****Transfers between stages include leases that were part of a different stage in the CB than in the OB.

*****Model change refers in its entirety to adaptation of the ECL model following the new IRB models. See Note 2 in the Credit risk section and also Expected credit losses.

During the year, leasing credit to the public increased by approx SEK 5,234 million (2,766). It consists of newly concluded contracts with a value of SEK 16.7 billion (13.4). Paid-up contracts or those removed for some other reason (e.g. confirmed credit losses) have caused the value to fall by SEK 7.9 billion (7.0). The gross value of contracts in force at the beginning of the year and at year-end fell by SEK 3.6 billion (3.7). The loss provisions during the year increased by SEK 3.9 million (0.7), due primarily to increased lending.

The gross carrying amount in the balance sheet includes both the residual value of the lease (non credit-obligation assets exposure) and future rents (customer exposure). For accounting policies, refer to section 3.10.1.4 for credit risk provision and section 3.14 for impairment testing of tangible assets. For information on the bank's guaranteed residual value, see Note 2 Risk and capital management, in the section on residual value risk.

GROSS CARRYING AMOUNT AND LOSS PROVISIONS – BY INDUSTRY

	31/12/2024			31/12/2023		
	Gross carrying amount	Loss provisions	Net carrying amount	Gross carrying amount	Loss provisions	Net carrying amount
Leasing loans						
Private customers	6,112,113	-737	6,111,376	4,677,990	-114	4,677,876
Business customers						
Legal, financial, scientific and technological activities	5,614,411	-1,090	5,613,321	4,925,721	-900	4,924,821
Trade: motor vehicle repair	5,310,350	-2,872	5,307,478	4,303,818	-1,828	4,301,990
Manufacturing	4,027,060	-937	4,026,123	3,200,103	-459	3,199,644
Other lending to businesses	10,523,146	-3,603	10,519,543	9,245,521	-2,032	9,243,489
Total lending leasing assets	**31,587,080**	**-9,239**	**31,577,841**	**26,353,153**	**-5,333**	**26,347,820**

TANGIBLE CURRENT ASSETS

	Current assets
Cost	
Opening balance 01/01/2023	485
Acquisitions	232,131
Disposals	-201,521
Retirements	-
Closing balance 31/12/2023	**31,095**
Opening balance 01/01/2024	31,095
Acquisitions	524,891
Disposals	-520,047
Retirements	-
Closing balance 31/12/2024	**35,939**
Impairment charges	
Opening balance 01/01/2023	-
Reversed impairment charges during the year	769
Impairment for the year	-1,011
Closing balance 31/12/2023	**-242**
Opening balance 01/01/2024	-242
Reversed impairment charges during the year	7,926
Impairment for the year	-9,983
Closing balance 31/12/2024	**-2,300**
Carrying amount	
01/01/2023	485
31/12/2023	**30,853**
01/01/2024	30,853
31/12/2024	**33,639**

NOTE 26. Other assets

	31/12/2024	31/12/2023
Positive value of derivative instruments	63,060	51,708
Current tax assets	826,954	125,964
Accounts receivable	993,342	889,400
of which non-cancellable lease income	(734,369)	(627,335)
Other assets	179,072	153,139
Total	**2,062,428**	**1,220,211**

Trade receivables are offset for customer fleet agreements with a credit risk provision of KSEK 692 (540) and an interest provision of KSEK 2,248 (1).

CHANGES IN GROSS CARRYING AMOUNT AND LOSS PROVISIONS – ACCOUNTS RECEIVABLE IN FLEET ADMINISTRATION

	Not credit impaired		Credit impaired	
31/12/2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount				
Gross carrying amount as of 1 January 2024	**429,143**	**142,556**	**2,524**	**574,223**
Financial assets for new agreements in force at year-end*	33,980	2,770	442	37,192
Financial assets for closed agreements in force at beginning of year**	-21,342	-1,482	-1,931	-24,755
*Net changes within the stage****				
In stage 1	8,541			8,541
In stage 2		25,943		25,943
In stage 3			-131	-131
*Transfers between stages*****				
From and to stage 1 (to and from stages 2 and 3)	1,692			1,692
From and to stage 2 (to and from stages 1 and 3)		-3,266		-3,266
From and to stage 3 (to and from stages 1 and 2)			2,457	2,457
Gross carrying amount as of 31 December 2024	**452,014**	**166,521**	**3,361**	**621,896**
Loss provisions				
Loss provisions as of 1 January 2024	**-174**	**-55**	**-312**	**-541**
Financial assets for new agreements in force at year-end	-34	-9	-23	-66
Financial assets for closed agreements in force at beginning of year	12	2	238	252
*Net changes within the stage****				
In stage 1	-33			-33
In stage 2		7		7
In stage 3			16	16
*Transfers between stages*****				
From and to stage 1 (to and from stages 2 and 3)	2			2
From and to stage 2 (to and from stages 1 and 3)		-28		-28
From and to stage 3 (to and from stages 1 and 2)			-303	-303
Change in interest reserves	**–**	**–**	**-2,247**	**-2,247**
Loss provisions as of 31 December 2024	**-227**	**-83**	**-2,631**	**-2,941**
Opening balance as of 1 January 2024	**428,969**	**142,501**	**2,212**	**573,682**
Closing balance as of 31 December 2024	**451,787**	**166,438**	**730**	**618,955**

*Trade receivables within Fleet administration taken out during the year. The gross value shown in the table is the gross carrying amount at the end of the first contract month.

**Trade receivables within Fleet administration taken out before the start of the year and terminated during the year. The gross carrying amount shown in the table during the month in which the contract ends. The amounts refer to the paid-up contract or contract ended due to confirmed credit losses.

***Net changes in the stage include the following types of changes: for trade receivables in Fleet administration, this heading will cover changes in the loss provision due to a change in credit risk during the year but which have not led to a change in the stage covered in the section 'Transfers between stages' below. The amounts also include changes in the gross carrying amount arising during the period before a contract is ended. As with card credits, changes due to a change in credit risk are reported.

****Transfers between stages include trade receivables in Fleet administration that were part of another stage in the CB than in the OB.

*****Model change refers in its entirety to adaptation of the ECL model following the new IRB models. See Note 2 in the Credit risk section and also Expected credit losses.

During the year, gross lending to trade receivables mainly in Fleet administration increased by approx SEK 47.7 million (117.5). It consists of newly concluded contracts with a value of SEK 37.2 million (37.1). Paid-up contracts or those removed for some other reason (e.g. confirmed credit losses) have caused the value to fall by SEK 24.8 million (11.7). The gross value of contracts in force at the beginning of the year and at year-end increased by SEK 35.2 million (92.1). The loss provisions during the year increased by KSEK 2,400 (138), due primarily to an increase in defaults and receivables.

Notes

	Not credit impaired		Credit impaired	
31/12/2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount				
Gross carrying amount as of 1 January 2023	**446,492**	**6,733**	**3,534**	**456,759**
Financial assets for new agreements in force at year-end*	35,062	2,008		37,070
Financial assets for closed agreements in force at beginning of year**	-11,578	-108		-11,686
*Net changes within the stage****				
In stage 1	34,451			34,451
In stage 2		97		97
In stage 3			-215	-215
*Transfers between stages*****				
From and to stage 1 (to and from stages 2 and 3)	-75,284			-75,284
From and to stage 2 (to and from stages 1 and 3)		133,826		133,826
From and to stage 3 (to and from stages 1 and 2)			-795	-795
Gross carrying amount as of 31 December 2023	**429,143**	**142,556**	**2,524**	**574,223**
Loss provisions				
Loss provisions as of 1 January 2023	**-187**	**-10**	**-206**	**-403**
Financial assets for new agreements in force at year-end	88	8		96
Financial assets for closed agreements in force at beginning of year	7	0		7
*Model change new agreements******	-112	-9		-121
*Net changes within the stage****				
In stage 1	-22			-22
In stage 2		5		5
In stage 3			104	104
*Model change within stages******	26	-4	-132	-110
*Transfers between stages*****				
From and to stage 1 (to and from stages 2 and 3)	-3			-3
From and to stage 2 (to and from stages 1 and 3)		5		5
From and to stage 3 (to and from stages 1 and 2)			-97	-97
*Model change between stages******	29	-50	-4	-25
Change in interest reserves	**–**	**–**	**23**	**23**
Loss provisions as of 31 December 2023	**-174**	**-55**	**-312**	**-541**
Opening balance as of 1 January 2023	**446,305**	**6,723**	**3,328**	**456,356**
Closing balance as of 31 December 2023	**428,969**	**142,501**	**2,212**	**573,682**

GROSS CARRYING AMOUNT AND LOSS PROVISIONS – BY INDUSTRY

	31/12/2024			31/12/2023		
	Gross carrying amount	Loss provisions	Net carrying amount	Gross carrying amount	Loss provisions	Net carrying amount
Other assets						
Private customers	1,276	-9	1,267	-	-	-
Business customers						
Manufacturing	231,777	-126	231,651	201,296	-110	201,186
Legal, financial, scientific and technological activities	144,316	-70	144,246	132,123	-120	132,003
Trade in motor vehicle servicing	57,547	-240	57,307	59,455	-104	59,351
Other lending to businesses	186,979	-2,496	184,484	181,349	-207	181,142
Total lending, other assets	**621,896**	**-2,941**	**618,955**	**574,223**	**-541**	**573,682**

NOTE 27. Derivatives – assets and liabilities

The bank's derivatives are entered into directly with the counterparty. They are not cleared through a standardised marketplace. Accrued interest on derivatives is recognised in prepaid expenses and accrued income and accrued expenses and deferred income. This note presents that portion of the market value which arises from future changes in market interest rates. The total value of derivative assets including accrued interest is SEK 63.1 million (51.7) and the value of derivative liabilities including accrued interest is SEK 68.0 million (56.3).

2024 Derivatives where hedge accounting is not applied	Up to 1 year (nominal amount)	1–5 years (nominal amount)	> 5 years (nominal amount)	Total (nominal amount)	Assets (positive market values)	Liabilities (negative market values)
Interest-rate related contracts						
Swaps	178,361	3,837,375	-	4,015,736	10,876	-8,913
Currency-related contracts						
Swaps (NOK)	-	1,400,000	-	1,400,000	-	-50,264
Total	**178,361**	**5,237,375**	**-**	**5,415,736**	**10,876**	**-59,176**
Derivatives where hedge accounting is applied (fair value hedging)						
Interest-rate related contracts						
Swaps	650,000	1,550,000	-	2,200,000	52,184	-8,812
Currency-related contracts						
Swaps (NOK)	-	-	-	-	-	-
Total	**650,000**	**1,550,000**	**-**	**2,200,000**	**52,184**	**-8,812**
Total	**828,361**	**6,787,375**	**-**	**7,615,736**	**63,060**	**-67,989**
Currency break down						
SEK	828,361	5,387,375	-	6,215,736	63,060	-17,725
NOK	-	1,400,000	-	1,400,000	-	-50,264
Total	**828,361**	**6,787,375**	**-**	**7,615,736**	**63,060**	**-67,989**

2023 Derivatives where hedge accounting is not applied	Up to 1 year (nominal amount)	1–5 years (nominal amount)	> 5 years (nominal amount)	Total (nominal amount)	Assets (positive market values)	Liabilities (negative market values)
Interest-rate related contracts						
Swaps	168,125	868,833	-	1,036,958	16,127	-3,426
Currency-related contracts						
Swaps (NOK)	-	716,479	-	716,479	-	-25,224
Total	**168,125**	**1,585,312**	**-**	**1,753,437**	**16,127**	**-28,650**
Derivatives where hedge accounting is applied (fair value hedging)						
Interest-rate related contracts						
Swaps	-	1,850,000	-	1,850,000	35,582	-27,650
Currency-related contracts						
Swaps (NOK)	-	-	-	-	-	-
Total	**-**	**1,850,000**	**-**	**1,850,000**	**35,582**	**-27,650**
Total	**168,125**	**3,435,312**	**-**	**3,603,437**	**51,708**	**-56,299**
Currency break down						
SEK	168,125	2,718,833	-	2,886,958	51,708	-31,075
NOK	-	716,479	-	716,479	-	-25,224
Total	**168,125**	**3,435,312**	**-**	**3,603,437**	**51,708**	**-56,299**

HEDGING INSTRUMENTS IN HEDGE ACCOUNTING, NOMINAL AMOUNTS AND CARRYING AMOUNTS

Hedging instruments and effectiveness of hedging	Nominal amount	Carrying amount			
		Assets	Liabilities	Line in the balance sheet where the hedging instrument is included	Changes in fair value used to measure hedge inefficiencies for the period
Interest-rate related contracts					
Derivatives, positive values	1,800,000	52,184	-	Other assets	12,898
Derivatives, negative values	400,000	-	8,812	Other liabilities	12,332
Total	2,200,000	52,184	8,812		25,230

Inefficiencies total KSEK 73 in the income statement in the item Net result from financial transactions.

UNDERLYING RISK EXPOSURES HEDGED, CARRYING AMOUNT AND FAIR VALUE ADJUSTMENT AMOUNTS

Hedged items	Carrying amount Liabilities	Accumulated adjustment amount of fair value hedging on the hedged item Liabilities	Change in value used to measure the ineffectiveness of hedging instruments for the period	Accumulated adjustment amount of fair value hedging where hedge accounting is no longer applied
Securities issued	2,213,485	-13,485	-25,157	-

The bank has no discontinued hedging relationships where the hedged item is still recognised in the balance sheet.

HEDGE INEFFECTIVENESS RECOGNISED IN 2024 INCOME STATEMENT, FAIR VALUE HEDGING OF INTEREST RATE RISK

Fair value hedging	Hedge ineffectiveness recognised in income statement	Line in income statement containing recognised hedge ineffectiveness
Interest rate risk		
Securities issued	-25,157	Net result from financial transactions
Hedging instruments		
Interest rate swaps	25,230	Net result from financial transactions

Hedge instruments consist of interest rate swaps when hedging interest rate risks. The hedged items consist of fixed-rate borrowing, and the hedged risk is the risk of change in the fair value as a result of swap rate fluctuations. The hedging ratio is 1:1 as the hedged risk and the characteristics of the hedging instrument are identical. Hedging effectively protects the intended risk in the hedged items at transaction level, with an effectiveness range of 80–125%. The bank evaluates effectiveness using the dollar offset method based on accumulated changes in fair value. There is only exposure to Stibor in the case of derivatives where hedge accounting is used. See also Note 3, Derivatives and hedge accounting, as well as the Market risk section in Note 2.

NOTE 28. Prepaid expenses and accrued income

	31/12/2024	31/12/2023
Prepaid expenses	34,871	46,686
Accrued interest income	9,781	11,128
Other accrued income	43,521	37,559
Total	**88,173**	**95,373**

NOTE 29. Liabilities to credit institutions and issued securities

Securities issued by Ziklo Bank consist not only of bonds at variable interest rates in SEK, but bonds with fixed interest rates in SEK or variable interest rates in NOK also occur to a lesser extent. In cases where bonds are issued in another currency or at a fixed rate, currency risk and interest rate risk are eliminated by currency swaps and interest rate swaps.

CURRENCY BREAK DOWN

2024	SEK	NOK	Total
Liabilities to credit institutions	3,402,381	-	3,402,381
Securities issued	17,081,475	1,359,553	18,441,029
of which MTN FRN	(14,295,671)	(1,359,553)	(15,655,224)
of which MTN Fixed	(2,213,485)	(-)	(2,213,485)
of which bank certificates	(572,320)	(-)	(572,320)
Total	**20,483,856**	**1,359,553**	**21,843,410**

2023	SEK	NOK	Total
Liabilities to credit institutions	1,295,238	-	1,295,238
Securities issued	12,780,845	694,201	13,475,047
of which MTN FRN	(10,569,993)	(694,201)	(11,264,195)
of which MTN Fixed	(1,838,328)	(-)	(1,838,328)
of which bank certificates	(372,524)	(-)	(372,524)
Total	**14,076,083**	**694,201**	**14,770,285**

For a breakdown by maturity, see the section Risk and capital management. For terms and conditions of issued securities, see the bank's website under Financing programmes.

NOTE 30. Deposits and borrowing from the public

All deposits and borrowings are in SEK.

DEPOSITS FROM THE PUBLIC

Deposits by customer category	31/12/2024	31/12/2023
Public sector	44	44
Private sector	1,597	1,811
Retail sector	23,731,256	23,609,370
of which self-employed	(4,568,990)	(4,534,652)
Other	68	39
Total deposits	**23,732,965**	**23,611,264**

BORROWING FROM THE PUBLIC

Borrowing by customer category	31/12/2024	31/12/2023
Private sector	1,046,130	757,682
Other	0	1
Total borrowing	**1,046,130**	**757,683**
of which Group companies	(6,789)	(6,789)
of which associated companies	(68,339)	(98,349)
Total deposits and borrowing from the public	**24,779,095**	**24,368,947**

NOTE 31. Other liabilities

	31/12/2024	31/12/2023
Negative value of derivative instruments	67,989	56,299
Trade accounts payable	763,706	828,753
Liability to customer	38,755	78,077
Other liabilities	630,108	473,996
Total	**1,500,558**	**1,437,125**

NOTE 32. Accrued expenses and deferred income

	31/12/2024	31/12/2023
Accrued interest expenses	120,460	100,488
Other accrued expenses	152,457	144,035
Deferred income	1,476,245	1,344,791
Total	**1,749,162**	**1,589,314**

NOTE 33. Untaxed reserves

	31/12/2024	31/12/2023
Accelerated depreciations		
Opening balance, 1 January	5,697,661	4,679,919
Change for the year	964,039	1,017,742
Closing balance, 31 December	**6,661,700**	**5,697,661**

NOTE 34. Equity

For a specification of changes in equity, refer to the statement of changes in equity.

DIVIDEND
The dividend reported during the year totals KSEK 402,490, equivalent to SEK 402.49 per share. The proposed dividend is for a total of KSEK 191,488, equivalent to SEK 191.49 per share.

RETAINED EARNINGS
Retained earnings in the bank comprise non-restricted equity for the year after payment of any dividend. Retained earnings and profit for the year make up non-restricted equity, i.e. the amount available for distribution to the shareholders

NOTE 35. Commitments

	31/12/2024	31/12/2023
Delivery bonds	-	-
Liquidity management assignments	-	-
Letters of credit	10,034,809	10,249,375
Unutilised part of approved overdrafts	-	-
Onward lending of borrowed securities	-	-
Total	**10,034,809**	**10,249,375**

NOTE 36. Carrying amount of financial instruments by category 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 have been calculated based on current borrowing 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.

Assets 2024	Level 1	Level 2	Level 3	Total Fair value	Total Carrying amount
Treasury bills eligible as collateral etc.	1,683,114	-	-	1,683,114	1,684,166
Lending to credit institutions	-	-	2,660,161	2,660,161	2,660,161
Loans and advances to the public	-	-	18,240,444	18,240,444	17,795,682
Bonds and other interest-bearing securities	1,584,462	834,740	-	2,419,201	2,419,056
Shares and participations in other companies*	0	10,271	-	10,271	10,271
Other assets*	-	63,060	1,999,368	2,062,428	2,062,428
Prepaid expenses and accrued income	-	-	88,173	88,173	88,173
Total	**3,267,576**	**908,071**	**22,988,146**	**27,163,793**	**26,719,937**

Liabilities 2024	Level 1	Level 2	Level 3	Total Fair value	Total Carrying amount
Liabilities to credit institutions	-	-	3,479,670	3,479,670	3,402,381
Deposits and borrowing from the public	-	-	24,779,024	24,779,024	24,779,095
Securities issued	-	18,574,909	-	18,574,909	18,441,029
Other liabilities*	-	67,989	1,432,569	1,500,558	1,500,558
Accrued expenses and deferred income	-	-	1,749,162	1,749,162	1,749,162
Subordinated liabilities	-	0	-	0	0
Total	**-**	**18,642,897**	**31,440,425**	**50,083,323**	**49,872,224**

Assets 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*	-	51,708	1,168,503	1,220,211	1,220,211
Prepaid expenses and accrued income	-	-	95,373	95,373	95,373
Total	**3,185,948**	**913,635**	**19,881,409**	**23,980,993**	**23,592,894**

Liabilities 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
Subordinated liabilities	-	-	-	-	-
Total	**-**	**13,600,346**	**28,654,761**	**42,255,108**	**42,165,670**

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

Notes

FINANCIAL INSTRUMENTS THAT ARE OFFSET IN THE BALANCE SHEET OR COVERED BY NETTING AGREEMENTS

Ziklo 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, Ziklo 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 63.1 million and liabilities to SEK 68 million. Securities in the amount of SEK 35.8 million were received and assets of SEK 39.9 million were pledged as of 31 December 2024.

FINANCIAL ASSETS AND LIABILITIES OFFSET OR SUBJECT TO NETTING AGREEMENTS

	31/12/2024				31/12/2023			
	Gross amount	Framework netting agreement	Collateral received (-) / provided (+)	Net amount	Gross amount	Framework netting agreement	Collateral received (-) / provided (+)	Net amount
Assets								
Derivatives	63,060	10,939	-35,790	38,209	51,708	-5,310	-12,420	33,979
Liabilities								
Derivatives	-67,989	-10,939	39,920	-39,007	-56,299	5,310	21,590	-29,400
Total	**-4,928**		**4,130**	**-798**	**-4,591**		**9,170**	**4,579**

CARRYING AMOUNTS PER CATEGORY

Assets 31/12/2024	Financial assets measured at amortised cost	Derivatives in hedge accounting	Other assets	Fair value via the income statement (mandatory)	Total	Fair value
Treasury bills eligible as collateral etc.	1,684,166	-	-	-	1,684,166	1,683,114
Lending to credit institutions	2,660,161	-	-	-	2,660,161	2,660,161
Loans and advances to the public	17,795,682	-	-	-	17,795,682	18,240,444
Bonds and other interest-bearing securities	2,419,056	-	-	-	2,419,056	2,419,201
Shares and participations in other companies	-	-	-	10,271	10,271	10,271
Shares and participations in associated companies	-	-	11,115	-	11,115	-
Shares and participations in Group companies	-	-	6,742	-	6,742	-
Intangible non-current assets	-	-	41,451	-	41,451	-
Tangible assets: inventory	-	-	2,450	-	2,450	-
Tangible assets: lease items	-	-	31,244,548	-	31,244,548	-
Tangible current assets	-	-	33,639	-	33,639	-
Other assets	993,342	52,184	1,006,026	10,876	2,062,428	2,062,428
Prepaid expenses and accrued income	88,173	-	-	-	88,173	88,173
Total assets	**25,640,580**	**52,184**	**32,345,970**	**21,147**	**58,059,881**	

Liabilities 31/12/2024	Non-financial liabilities	Derivatives in hedge accounting	Other financial liabilities	Fair value via the income statement (mandatory)	Total	Fair value
Liabilities to credit institutions	-	-	3,402,381	-	3,402,381	3,479,670
Deposits and borrowing from the public	-	-	24,779,095	-	24,779,095	24,779,024
Securities issued	-	-	18,441,029	-	18,441,029	18,574,909
Other liabilities	630,109	8,812	802,460	59,176	1,500,558	1,500,558
Accrued expenses and deferred income	1,628,702	-	120,460	-	1,749,162	1,749,162
Subordinated liabilities	-	-	0	-	0	0
Total liabilities	**2,258,810**	**8,812**	**47,545,425**	**59,176**	**49,872,224**	**0**

Assets 31/12/2023	Financial assets measured at amortised cost	Derivatives in hedge accounting	Other assets	Fair value via the income statement (mandatory)	Total	Fair value
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	-
Other assets	-	-	30,853	-	30,853	
Tangible current 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	Non-financial liabilities	Derivatives in hedge accounting	Other financial liabilities*	Fair value via the income statement (mandatory)	Total	Fair value
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**	

NOTE 37. Operating leases

OPERATING LEASES WHERE THE BANK IS THE LESSEE
Expensed charges for operating leases total:

	2024	2023
Leasing costs for the year	**22,645**	**21,024**
Of which minimum lease charges	21,518	19,897
Of which variable charges	1,127	1,127

Future non-cancellable lease payments are as follows:

	2024	2023
Within 1 year	23,834	22,593
Between 1–3 years	50,756	44,976

Operating leases are mainly attributable to normal agreements for business with respect to office premises and office equipment costs.

NOTE 38. Events after the end of the year

No significant events have occurred since year-end.

NOTE 39. Related parties

The bank is 50% owned by the Swedish Volvo dealers through their holding company AB Volverkinvest, and 50% by Volvo Personvagnar AB. Both companies are classified as other related companies.

The bank has participations in four companies classified as associates, see Note 22. The Group also includes wholly-owned and dormant subsidiaries: Volvofinans Leasing AB, Autofinans Nordic AB, CarPay Sverige AB and Volvofinans IT AB; see Note 23.

In December, 8,745 Care by Volvo vehicles were acquired from Volvo Personvagnar AB valued at SEK 2.7 billion.
The transaction was conducted on market terms.

	Group companies		Associates		Other related companies	
Balance sheet	2024	2023	2024	2023	2024	2023
Assets	6,742	6,742	51,577	8,258	1,870,108	1,005,548
Liabilities	6,789	6,789	71,545	102,255	419,023	362,598
Income statement	2024	2023	2024	2023	2024	2023
Interest income	-	-	5,153	5,056	204	191
Lease income	-	-	-	-	359,754	335,792
Interest expenses	-	-	-1,482	-1,147	-11,667	-7,497
Commission income	-	-	3,109	3,095	13,762	12,644
Other operating income	-	-	5,975	3,118	-	-
Total	-	-	**12,756**	**10,122**	**362,054**	**341,131**

NOTE 40. Specification to cash flow statement

	2024	2023
The following components are included in cash equivalents:		
Lending to credit institutions	2,660,161	1,854,022
Total	**2,660,161**	**1,854,022**

	31/12/2024	31/12/2023
Interest paid and dividends received included in cash flow from operating activities:		
Dividends received	86	35
Interest received	1,347,315	1,284,217
Interest paid	1,555,450	1,291,516

Cash and cash equivalents included in the cash flow statement are defined in accordance with IAS 7 and they do not correspond to that which the bank regards as liquidity.

Board of Directors, auditors and senior executives

BOARD OF DIRECTORS

Björn Ingemanson
Chairman of the Board

Synnöve Trygg
Vice chairman of the Board

Per Avander
CEO, AB Bilia

Johan Ekdahl
Chief Financial Officer, Volvo Car Group

Ann Hellenius
Managing Director,
SweDFi Capgemini Invent

Björn Rentzhog
CEO/President, AB Persson Invest

Jessica Span
CEO, Volvo Car Sweden

BOARD DEPUTIES

Anna Wibring
Head of Governance, Risk & Compliance, Volvo Cars

Oscar Bertilsson Olsborg
Head of Commercial Operations, Volvo Cars

Jonas Estéen
Owner Finnbäcken Invest AB,
CEO Bilkompaniet Dalarna AB

Johan Ahlberg
CEO Johan Ahlberg Bil AB

SENIOR EXECUTIVES

Joel Graffman
CEO

Johan Linder
CCO

Linda Pedersen
CPO

Andreas Bondesson
Deputy CEO, COO

Marianne Moberg
CIO

Håkan Isaksson
CFO

Gunnar Ekeroth
CRO

AUDITOR

Helena Kaiser de Carolis
Authorised Public Accountant
Auditor-in-charge

Johan Brobäck
Authorised Public Accountant

Signatures of the Board of Directors

The Board of Directors and CEO hereby assure that the annual report has been prepared in accordance with generally accepted accounting policies in Sweden.

The Board of Directors and the CEO hereby certify that the annual report has been prepared in accordance with the Swedish Financial Supervisory Authority's regulations and general advice (FFFS 2008:25) and RFR 2 Accounting for legal entities.

The annual report gives a true and fair view of the bank's financial position and results. The Directors' Report gives a true and fair overview of the development of the bank's business, position and results, and describes significant risks and uncertainties faced by the bank. The bank's risk management is appropriate and satisfactory.

The annual report as presented above, has been approved for publication by the Board of Directors.

Gothenburg 20 March 2025

Björn Ingemanson
Chairman of the Board

Synnöve Trygg
Vice chairman of the Board

Per Avander
Board member

Johan Ekdahl
Board member

Ann Hellenius
Board member

Jessica Span
Board member

Björn Rentzhog
Board member

Joel Graffman
CEO

Our auditor's report was submitted on 20 March 2025

Öhrlings PricewaterhouseCoopers AB

Helena Kaiser de Carolis
Authorised Public Accountant
Auditor-in-charge

Johan Brobäck
Authorised Public Accountant

Auditor's report

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

To the Annual General Meeting of Ziklo Bank AB, Co. Reg. no. 556069-0967

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts of Ziklo Bank AB for the year 2024 except for the corporate governance statement and the statutory sustainability report on pages 14-25 and 26-57. The annual accounts of the company are included on pages 12-14 and 58-157 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Act on Annual Accounts for Credit Institutions and Securities Companies and give a true and fair view, in all material respects, of Ziklo Bank AB's financial position as of December 31, 2024 and of its financial performance and cash flow for the year in accordance with the Act on Annual Accounts for Credit Institutions and Securities Companies. Our opinions do not cover the corporate governance statement and the statutory sustainability report on pages 14-25 and 26-57. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Ziklo Bank AB.

Our opinions in this report on the annual accounts are consistent with the content of the additional report that has been submitted to the company's audit committee in accordance with the Audit Regulation (537/2014/EU) Article 11.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the company in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014/EU) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matters	How our audit considered the area of particular importance
Residual value risk – impairment of leasing objects The company's operating lease agreements, which are guaranteed by Ziklo Bank AB (publ), have a carrying amount of SEK 11,723 million (SEK 9,165 million) as of December 31, 2024, which corresponds to approximately 20.2% of the company's total assets. The company's reported impairment losses amount to SEK 376.8 million (SEK 300.4 million). The bank makes ongoing assessments of whether there is a need for impairment in the assets used in operating leases. Impairment occurs if the reported value exceeds the estimated recoverable amount, which is the higher of the fair value less costs to sell and the value in use. The value in use is determined by the present value of remaining rental payments and the present value of the expected residual value. An assessment of the expected residual value is also obtained from an external supplier, which is then analyzed against the bank's own assessment of the expected residual value. This is considered a key audit matter as the calculation of recoverable amount involves significant judgements of the expected residual value of each operating lease. For further description, see accounting policies in Note 3.14, and other related disclosures on impairment in Notes 2 and 25 for detailed disclosures and description of the matter.	We have performed a number of different audit procedures regarding impairment of leased assets. We have performed process reviews of the bank's process and controls for impairment of assets used in operational leasing. We have reviewed and assessed the model for impairment of leased assets. We have also tested the completeness and accuracy of input data in the model and tested the accuracy of calculations of the recoverable amount. We have also reviewed the bank's analysis of impairment requirements and challenged it. Furthermore, we have checked that the analysis and impairment amounts regarding residual value risk have been reported to the board of directors and approved in accordance with the bank's internal instructions. We have also tested the information presented in the annual report and assessed whether the information is sufficiently comprehensive to comply with the disclosure requirements according to IFRS Accounting Standards.
Credit provisions for lending to the public The bank's lending to the public consists mainly of credit cards and vehicle loans and the item amounts to SEK 17,796 million (SEK 16,375 million) as of December 31, 2024, which corresponds to approximately 31 percent of the bank's total assets. The bank's provision for expected credit losses amounts to SEK 34.5 million (SEK 25.2 million). The bank reports expected credit losses in accordance with the accounting standard IFRS 9. The model for provisioning for expected credit losses is based on a collective assessment basis where credit exposures are divided into three stages based on assessed credit risk. The provisioning model is based on complex calculations and significant assumptions and assessments for calculations of expected credit losses. The model uses assumptions regarding the definition of significant increase in credit risk, determination of credit-impaired loans, and valuation of expected credit losses. These complicated calculations are made for each individual credit exposure. This is considered a particularly significant area as it involves complex calculations and significant assumptions and assessments to determine the size of the reserve for expected credit losses. For further description, see accounting principles in Note 3.10, 20 and Note 25 for detailed information and description of the area.	We have performed a number of different audit procedures regarding expected credit losses. We have performed process reviews to identify significant systems, applications and controls used in the provisioning of expected credit losses. We have tested the IT environment for significant systems and applications used in the provisioning of expected credit losses. Our review included testing the design and effectiveness of controls over input data. We have reviewed significant assumptions and judgments in order to obtain audit evidence whether the bank's calculation of expected credit losses is correct and in accordance with our expectations. We have assessed the reasonableness of the assumptions used by Ziklo Bank to determine macroeconomic factors. This included analysis against other independent sources and our own professional judgment. We have tested details in several areas, including testing individual credits against underlying agreements and performing control calculations for a sample of the lending. Furthermore, we have checked whether the bank's calculation of the reserve for expected credit losses has been reported to the board of directors and approved in accordance with the bank's internal instructions. We have also tested the completeness and accuracy of the information presented in the annual report and assessed whether the information is sufficiently comprehensive to comply with the disclosure requirements under IFRS Accounting Standards.

Other matter

The audit of the annual accounts for 2023 was performed by another auditor who submitted an auditor´s report dated 20 March 2024, with unmodified opinions in the Report on the annual accounts.

Other information than the annual accounts and consilidated accounts

This document also contains other information than the annual accounts and is found on pages 1-11 and 162-164. The Board of Directors and the Managing Director are responsible for this other information.

The other information also consists of the remuneration report that we have received prior to the date of this audit report.

Our opinion on the annual accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Directors responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Ziklo Bank AB for the year 2024 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the company in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 14-25 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and are in accordance with the Annual Accounts Act/ the Annual Accounts Act for Credit Institutions and Securities Companies/ the Annual Accounts Act for Insurance Companies.

The auditor's opinion regarding the statutory sustainability report

It is the board of directors who is responsible for the statutory sustainability report on pages 26-57 and that it has been prepared in accordance with the Annual Accounts Act according to the prior wording that was in effect before 1 July 2024.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Öhrlings PricewaterhouseCoopers AB, SE 113 97 Stockholm, Sweden, was appointed by Ziklo Bank AB's auditor by the Annual General Meeting of 4 June 2024, and it has been the company's auditor since 4 June 2024.

Stockholm 20 March 2025
Öhrlings PricewaterhouseCoopers AB

Helena Kaiser de Carolis Authorised Public Accountant Auditor-in-charge	Johan Brobäck Authorised Public Accountant

Sweden's Mobility Bank

For more than 60 years we have financed vehicles in Sweden under the name Volvofinans, making it easier for millions of people to freely travel. We have now assumed the name Ziklo, and we aim to accelerate the transition toward tomorrow's mobility and help more people and companies make smarter choices. Because mobility must be easy, flexible and sustainable.

Ziklo Bank (publ), Gothenburg
Company registration number 556069-0967

The Mobility Bank Ziklo