

Interim report 1 January – 30 June

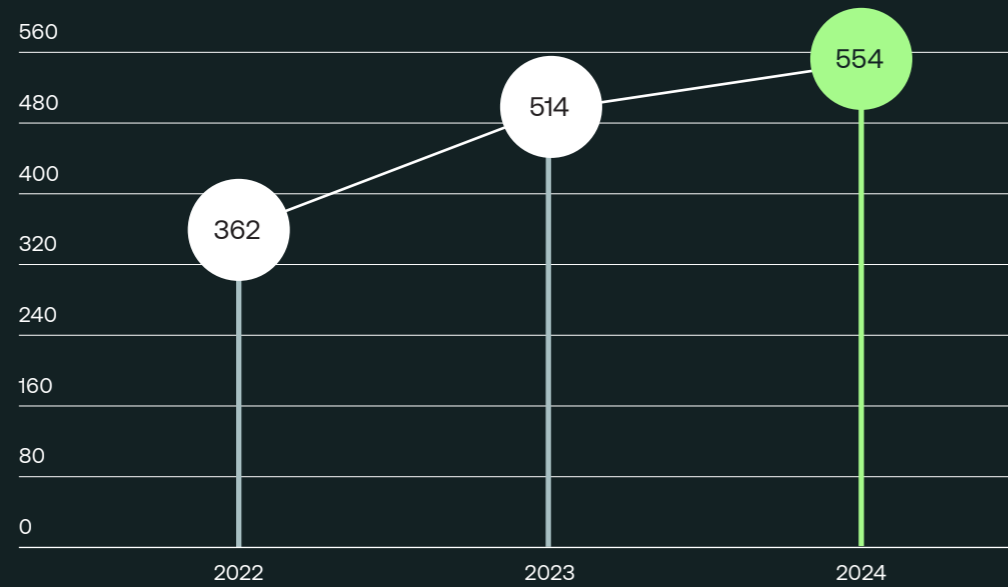
# 2024

**Ziklo** The  
Mobility  
Bank

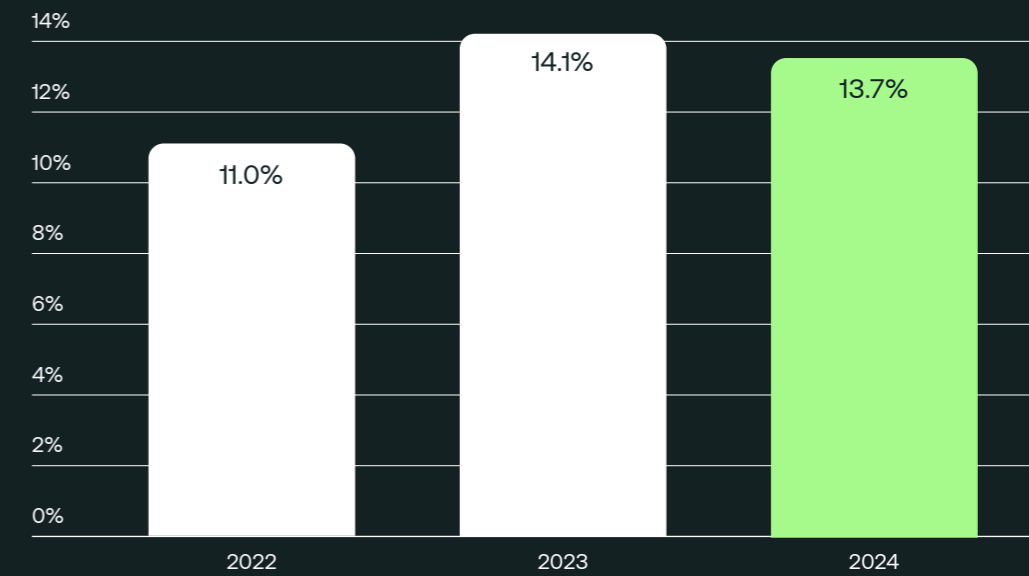
# Summary

Jan–Jun

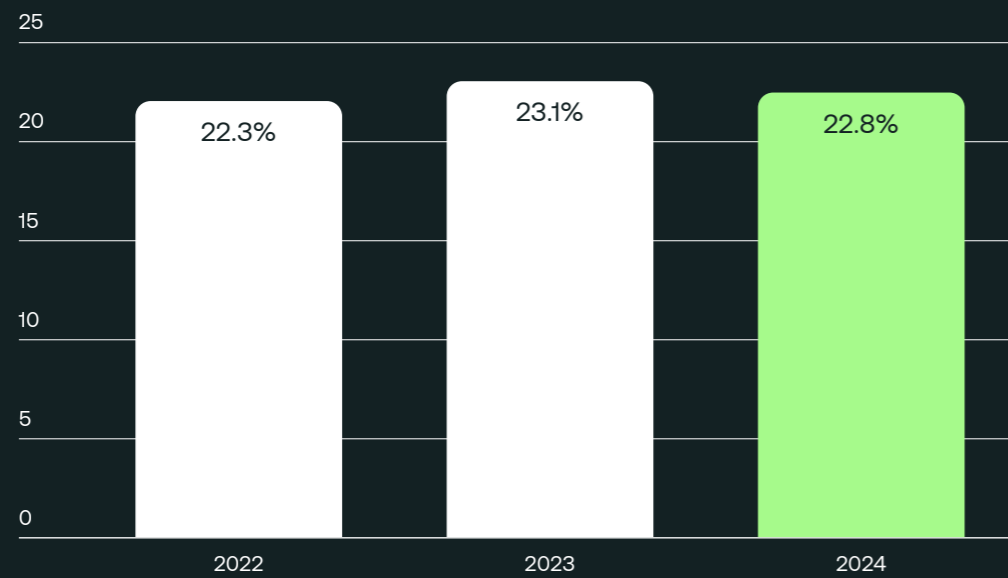
Operating profit, SEK million



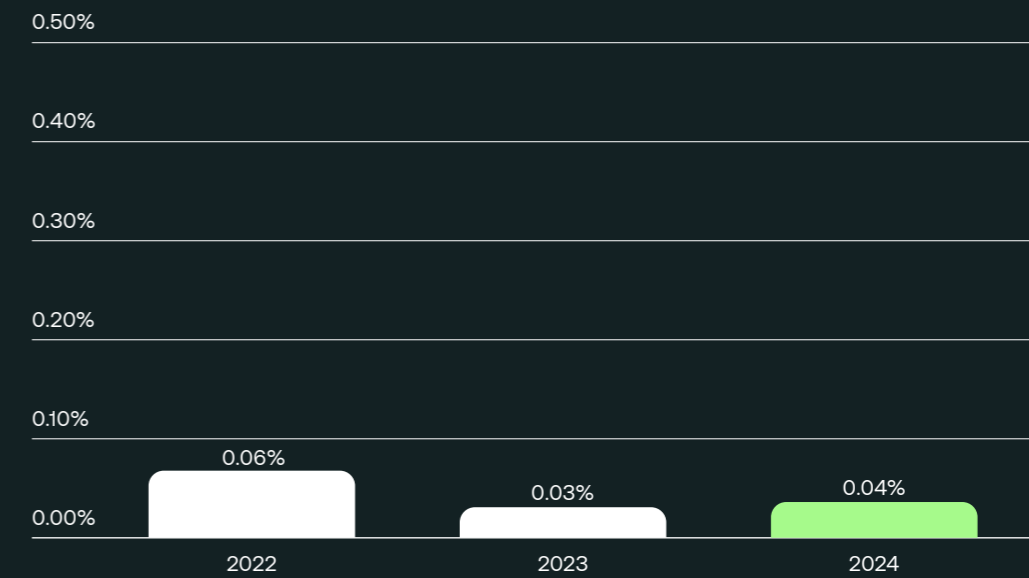
Return on equity



Common Equity Tier 1 capital ratio



Credit losses/lending



# Introduction and financial statements

Jan–Jun 2024 in summary

Operating profit

**SEK 554 million (514)**

Return on equity

**13.7% (14.1)**

Lending as of 30 June

**SEK 44.2 billion (40.8)**

Credit losses / lending

**0.04 % (0.03)**

Common Equity Tier 1 capital ratio

**22.8% (23.1)**

Cost/Income ratio

**0.43 (0.44)**

# Statement by the CEO

I'm pleased to report that Ziklo Bank has delivered improved profits for the first half of 2024. The bank's profit totalled SEK 554 million (514), and our total lending has reached SEK 44.2 billion (40.8), and both of these amounts correspond to an 8% increase compared with the same period last year. The increase in profit was primarily driven by good disposal gains from lease vehicles and strong net interest income which, thanks to a greater interest-bearing volume, made a positive contribution despite falling market interest rates.

The risk-sharing model we have developed in the close, far-reaching collaboration with our dealers, together with the bank's conservative approach to credit risk in general, has resulted in a very low credit loss ratio of 0.04%. We can also report that our cost ratio is maintaining a stable level with a cost/income ratio of 0.43 (0.44).

## Strong growth in uncertain times

Even though we caught a glimpse of falling inflation during the second quarter, and in May the first interest rate cut since 2016, the tough times continued to have an impact on the purchasing power of our customers. The weak economic climate has put households under pressure, and this has led to a continued reduction in passenger car sales during the first six months, with 132,000 new registrations compared to 141,000 last year – a reduction of 6%. The proportion of rechargeable passenger cars among new car registrations remained at 55%, of which 32% were BEVs.

The decline is even greater among HGVs (>16 tonnes), where the number of registrations fell by 16% to 2,800. Thus far, the proportion of electrified HGVs remains low, and only 8% of new registrations in June were electric vehicles.

Despite these challenges, we note that the bank's lending is growing and see this as proof of our strength and a well-functioning, diversified business model whose strong partnerships and transactions involve both new and used vehicles in various target groups, segments, vehicle marques and types. The growth in finance volumes is driven primarily by strong Volvo sales in the corporate segment, and we note continued strong used vehicle sales at our dealers, where Polestar also contributed to increased financing volumes during the second quarter. Our new recreational vehicle initiative with caravans and camper vans also began to appear on the balance sheet, and even though the figures are still at marginal levels at this early stage, we see great future potential in this segment.

## We're continuing our journey toward tomorrow's mobility

We aim to help accelerate the transition to tomorrow's sustainable, flexible and comfortable transportation and position ourselves as the leading bank for the mobility of the future through financial services, competence and technology. Our success will require

investments, and under Ziklo as the bearer and new brand we will continue to develop our end-to-end offering for the automotive and mobility industry in all business areas. Our dealers and manufacturing partners are crucial for our success, and we will continue to develop our integrated services to ensure an outstanding customer experience, regardless of whether the encounter is online, at the dealership or through a seamless combination of both.

As previously announced, we will retain the Volvofinans brand for everything to do with Volvo, and together with Volvo Cars and Volvo Trucks, we will continue to invest and collaborate in the important transition to electric vehicles. Ziklo Fleet Services, which provides corporate leasing and administration solutions for mixed vehicle parks, is another significant source of business for the bank and an important sales channel for our partners, and we are now expanding our offer to include SMEs. In our after sales market, we are developing our card and payment services, e-commerce and cash register solutions, system support for subscriptions and loyalty programmes.

Because our unique mix of services tailored for the Swedish market provides excellent opportunities to both differentiate and diversify our offering, we will continue to invest according to our strategy.

## New Chairman of the Board elected for Ziklo Bank

Björn Ingemanson was elected as the new Chairman of the Board for Ziklo Bank at the AGM in June, and we would like to extend a big thank you to Urmas Kruusval for the great commitment he has shown, having declined re-election after 17 years as chairman. Björn has served among other things as CEO for Volvofinans Bank (now Ziklo Bank), as the European manager for Volvo Financial Services and CEO for Volvo Penta, and with his excellent track record, he will be a great asset to our management efforts. I'm looking forward to working together with Björn in the exciting ongoing development of the bank.

In conclusion, I would like to extend a big thank you to our employees, customers and partners for a successful first half of the year, and we can look forward to the second half of 2024 with renewed energy and optimism.

“Our unique mix of services tailored for the Swedish market provides excellent opportunities”



Joel Graffman

CEO  
Ziklo Bank AB

Ziklo Bank AB (publ), Co. Reg. 556069-0967, is obliged to publish this information under the Swedish Securities Market Act (SFS 2007:528). This report was submitted for publication on 23 August 2024.

# Financial statements

## Ownership/Operations

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.

As its primary task, Ziklo Bank offers financial and administrative services in the Swedish mobility and vehicle industry through direct sales and an extensive partner distribution network for the purpose of delivering market-leading solutions to partners and end customers alike.

Ziklo Bank is the parent company of a group with dormant subsidiaries. Under Chapter 7, section 6a of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, Ziklo Bank does not prepare consolidated accounts as activities in subsidiaries are negligible.

## Trends in volume/lending

Lending volume reached SEK 44.2 billion compared to 40.8 billion in the previous year. Trucks accounted for SEK 6.4 billion (5.4) of lending, equivalent to 14% (13) of the total. Fleet's share of lending totalled SEK 12.6 billion (10.3) corresponding to 29% (25) and the Volvo Card share was SEK 2.0 billion (2.0) or 4% (5). The remainder – SEK 23.2 billion (23.1) – is attributable to passenger car financing in the Cars business area, which corresponds to 53% (57) of lending.

Operating income, operating profit, the number of contracts and lending volumes for Ziklo Bank's business areas are presented in Note 3.

## Development of profits

The bank's profit after credit losses was SEK 554.0 million (514.0), which is SEK 40.0 million or 8% higher year-over-year. Prices for second-hand cars continue to be high, which is reflected in the bank's gains from the sale of vehicles returned from operating leases. The surplus on sales of these cars is SEK 41.9 million higher than in the previous year. During the first half of 2024, booked changes of accumulated impairment charges increased by SEK 37.0 million, which is SEK 35.3 million lower than the same period 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 totalling SEK 19.6 million be reviewed. The request was approved by the Swedish Tax Agency during the second quarter of 2024; see Note 4.

The bank's costs exceeded the previous year's by SEK 63.0 million, due inter alia to increased IT investments for strategic initiatives and market investments in conjunction with the bank's switch to the new company name of Ziklo Bank on 12 March 2024.

## Credit risks and credit losses

Because the major part of credit risk is borne by individual Volvo dealers through recourse agreements, the credit risk for Ziklo Bank is very low.

Defaulted receivables are defined as receivables more than 90 days overdue or defaulted on for other reasons. Ziklo Bank's defaulted credit card receivables totalled SEK 22.0 million (6.7) and for loans and leasing SEK 322.1 million (226.7), of which SEK 318.9 million (223.1) is covered by recourse. All loans and lease products in respect of vehicle financing are secured by collateral

in the underlying object. Loans subject to deferral totalled SEK 92.6 million (62.0).

Verified credit losses of SEK 3.9 million (8.9) relate mainly to the credit card business. Because the existing agreements with the bank's debt recovery service provider were renegotiated during the quarter, no debt recovery claims were sold during the period. The bank's verified credit loss cases are therefore at a lower-than-normal level, while expected credit losses (ECL) increased more than usual. The equivalent of three months' worth of debt recovery claims were divested in the beginning of July 2024. Expected credit losses are calculated based on a prospective impairment model, where the calculation takes account of macro-economic data, demographic variables and behavioural variables. Expected credit losses increased by SEK 10.4 million (-5.6) during the quarter. Thus credit losses for the year totalled SEK 14.3 million (3.3), primarily due to more defaults as a result of the worsened economic climate. The provision for expected credit losses totals SEK 42.1 million (30.6).

## Residual value risk

There is residual value risk in operating leases corresponding to the risk that the present value of the remaining rents plus the present value of the expected residual value is lower than the book value and that the bank thereby sustains a loss. During the year, the bank carried out impairments totalling SEK 37.0 million (72.3) related to residual value risk, mainly due to the bank's increased residual value positions in operating leases. As of 30 June 2024, the bank's residual value positions for operating lease assets totalled SEK 6.7 billion (6.1). The bank carried out accumulated impairments totalling SEK 337.4 million (266.8). During the first six months, the surplus from the sale of returned operating lease vehicles totalled SEK 218.1 million (176.1).

## Funding and liquidity

Deposits in the bank's savings account decreased by SEK 72 million during the second quarter, reaching a total of SEK 22.8 billion (22.4) at half-year end. Total deposits including the credit balance for CarPay/Volvo Card and deposits from dealerships stood at SEK 24.3 billion (23.7) and accounted for 60% (61) of the bank's financing.

The bank's MTN programme allows the issue of bonds in the currencies SEK, NOK and EUR; green bonds may also be issued. In the programme, shares with a value of SEK 3.4 billion and NOK 700 million were issued during the first six months. Own bonds were repurchased for the nominal amount of SEK 0.7 billion. Commercial papers relating to short-term borrowing were issued in the amount of SEK 275 million during the reporting period. Ziklo Bank's outstanding financing through its market loan programmes, MTN and certificates totalled a nominal SEK 15.3 billion (13.3), of which green bonds accounted for SEK 6.5 billion on 30 June 2024.

In addition to market borrowing and deposits, the bank also finances its activities through bank credits, which totalled SEK 1.2 billion (1.3) at half-year end. The proportion of financing from market loans programmes and the banking sector with remaining maturity of more than one year was 75% (74).

Borrowing with a remaining period of less than one year together with a proportion of deposits, must be covered at all times by the liquidity reserve and undrawn credit facilities. The total liquidity reserve at half-year end was SEK 6.5 billion (6.5). The securities holding accounted for SEK 4.3 billion (66%) and non-fixed deposits

at other banks totalled SEK 2.2 billion (34%). Ziklo Bank's liquidity reserve must always be at least 10% in relation to lending volume. As of 30 June 2024, total lending was SEK 44.2 billion, which means the liquidity reserve corresponded to 15% (16). In addition to the liquidity reserve, available and unutilised loan facilities totalled SEK 3.8 billion (3.8).

At the end of the second quarter, Ziklo Bank's liquidity coverage ratio (LCR) under article 415 of the EU Capital Requirements Regulation (CRR), totalled 281% (282), and the net stable funding ratio (NSFR) was 119% (122) under CRR2.

## Capital adequacy

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 KF model are not yet approved by the Financial Supervisory Authority, the bank has chosen to correct the capital requirement calculation such that the requirement in relative terms reaches the previous level. This correction, known as an Article 3 mark-up, is used in the bank's capital requirement calculation as of Q2, 2023. The Tier 1 ratio amounted to 22.8% (23.1) as of 30 June 2024 and the capital requirement was assessed internally to 14.4% (14.4) calculated on the basis of the methods and models used to calculate capital requirement within the framework of Pillar 1. The capital conservation buffer of 2.5% (2.5) of REA was SEK 716 million (638). The counter cyclical buffer value of 2.0 (2.0) per cent of REA totalled SEK 573 million (511).

The leverage ratio was 12.9% (12.5) as of 30 June 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 authority regarding specific Pillar 2 guidance.

## Other significant information

The bank's operations are continually exposed to a number of financial risks.

Liquidity risk is the risk that Ziklo Bank's payment obligations cannot be met on maturity without significant increased costs in terms of the means of payment or, in the worst-case, cannot be met at all. To manage liquidity stress, Ziklo Bank maintains a liquidity reserve as well as agreed credit facilities that can be utilised at short notice.

Interest rate risk is the current and future risk that net interest income will decline as a result of unfavourable changes in the interest rate. The major part of the bank's lending and all borrowing follows the short-term market interest rate, which entails a limited interest rate risk.

Currency risk is the risk of unfavourable changes in exchange rates. All of Ziklo Bank's lending is in Swedish kronor. Any borrowing in foreign currency is hedged, which means the bank is not exposed to exchange rate fluctuations.

## Rating

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'.

## Calendar:

5 November 2024      Interim Report January-September 2024

## Certificate

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

Gothenburg, 23 August 2024

Björn Ingemanson Chairman of the Board	Synnöve Trygg Vice Chairman of the Board
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Per Avander Board member	Johan Ekdahl Board member
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Ann Hellenius Board member	Björn Rentzhog Board member
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Jessica Span Board member	Joel Graffman CEO
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The report will be available on our website Ziklo.com, under 'About us / Investor relations / Financial reports'.

Should you have any questions, please call CEO Joel Graffman, +46 31-83 88 00

## Review

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

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

## Key ratios

Amounts in SEK thousand

	30/06/2024	30/06/2023	31/12/2023
Return on equity, %	13.71	14.09	13.60
Deposits / Lending, %	55.0	58.1	57.4
Profit / Risk-weighted assets, %	3.9	4.0	3.7
Total capital ratio, %	22.79	23.09	22.55
Common Equity Tier 1 capital ratio, %	22.79	23.09	22.55
Cost/Income ratio	0.43	0.44	0.44
Cost/Income ratio excluding residual value provision	0.39	0.36	0.38
Credit losses / Lending, %	0.04	0.03	0.03
Liquidity coverage ratio, %	281	282	252
Net Stable Funding Ratio (NSFR), %	119	122	119
Leverage ratio, %	12.9	12.5	12.8

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, overview

Amounts in SEK thousand

	2024 Q2	2024 Q1	2023 Q2	2024 Jan–Jun	2023 Jan–Jun	2023 Jan–Dec
Interest income	350,009	348,126	312,334	698,135	599,226	1,295,344
Lease income	1,805,669	1,848,219	1,794,961	3,653,888	3,525,343	7,261,825
Interest expenses	-433,139	-425,537	-331,851	-858,676	-595,866	-1,392,004
Dividends received	-	13	11	13	23	35
Commission income	120,985	107,246	111,892	228,230	215,047	421,042
Commission expenses	-38,317	-50,119	-48,786	-88,436	-81,926	-190,127
Net result from financial transactions	-8,998	1,438	2,283	-7,559	-5,916	-27,715
Other operating income, Note 4	155,467	122,144	104,019	277,611	210,966	435,555
<b>Total operating income</b>	<b>1,951,676</b>	<b>1,951,529</b>	<b>1,944,864</b>	<b>3,903,205</b>	<b>3,866,896</b>	<b>7,803,954</b>
General administrative expenses	-182,214	-162,099	-154,287	-344,314	-289,279	-607,740
Depreciation and impairments of tangible and intangible non-current assets, Note 5	-1,472,599	-1,482,953	-1,506,046	-2,955,552	-3,024,691	-6,085,497
Other operating expenses	-16,642	-20,522	-24,946	-37,164	-37,203	-77,783
<b>Total operating expenses</b>	<b>-1,671,455</b>	<b>-1,665,574</b>	<b>-1,685,279</b>	<b>-3,337,030</b>	<b>-3,351,174</b>	<b>-6,771,020</b>
<b>Profit before credit losses</b>	<b>280,220</b>	<b>285,955</b>	<b>259,585</b>	<b>566,175</b>	<b>515,722</b>	<b>1,032,934</b>
Credit losses, net, Note 6	-3,808	-9,061	4,129	-12,869	-1,099	-12,621
Impairments/Reversals of financial fixed assets, net	541	120	-568	662	-582	-214
<b>Operating profit</b>	<b>276,954</b>	<b>277,014</b>	<b>263,146</b>	<b>553,968</b>	<b>514,041</b>	<b>1,020,099</b>
Appropriations	-	-	-	-	-	-1,017,742
Tax	-57,053	-57,065	-54,208	-114,117	-105,892	-2,357
<b>Profit</b>	<b>219,901</b>	<b>219,949</b>	<b>208,938</b>	<b>439,850</b>	<b>408,149</b>	<b>0</b>

## Balance sheet highlights

Amounts in SEK thousand

	30/06/2024	30/06/2023	31/12/2023
Treasury bills eligible as collateral etc.	1,845,380	1,438,665	1,830,992
Lending to credit institutions	2,179,917	2,468,354	1,854,022
Loans and advances to the public	17,154,365	16,075,126	16,375,052
Bonds and other interest-bearing securities	2,440,460	2,597,768	2,210,625
Shares and participations in other companies	7,002	6,465	6,618
Shares and participations in associated companies	5,140	5,140	8,258
Shares and participations in Group companies	6,742	6,742	6,742
Intangible non-current assets	52,999	18,089	64,018
Tangible assets: inventory	2,716	2,346	2,181
Tangible assets: lease items	27,047,739	24,749,962	26,086,832
Tangible current assets	14,403	5,554	30,853
Other assets*	1,297,643	932,214	1,220,211
Prepaid expenses and accrued income	121,179	168,116	95,373
<b>Total assets, Note 8</b>	<b>52,175,684</b>	<b>48,474,541</b>	<b>49,791,778</b>
Liabilities to credit institutions	1,247,619	1,342,857	1,295,238
Deposits and borrowing from the public	24,295,574	23,712,843	24,368,947
Securities issued	15,245,574	13,235,814	13,475,047
Other liabilities*	1,420,721	1,265,037	1,437,125
Accrued expenses and deferred income	2,102,727	1,901,476	1,589,314
<b>Total liabilities, Note 8</b>	<b>44,312,215</b>	<b>41,458,027</b>	<b>42,165,670</b>
Untaxed reserves	5,697,661	4,679,919	5,697,661
<b>Equity</b>	<b>2,165,808</b>	<b>2,336,596</b>	<b>1,928,447</b>
<b>Total liabilities and equity</b>	<b>52,175,684</b>	<b>48,474,541</b>	<b>49,791,778</b>
*Of which derivative instruments with positive and negative market values			
Derivative instruments with positive market value	34,611	35,836	51,708
Derivative instruments with negative market value	-50,265	-81,052	-56,299



# Change in equity

Amounts in SEK thousand

	Restricted equity			Non-restricted equity	Total equity
	Share capital	Statutory reserve	Development fund	Retained earnings	
Opening equity, 1 January 2023	400,000	20,000	19,224	1,642,825	2,082,049
Profit for the period after tax	-	-	-	408,149	408,149
Capitalisation of development expenditures	-	-	3,148	-3,148	-
Dissolution resulting from development expenditure depreciations and impairments for the year	-	-	-4,283	4,283	-
<b>Total before transactions with shareholders</b>	<b>400,000</b>	<b>20,000</b>	<b>18,089</b>	<b>2,052,109</b>	<b>2,490,198</b>
Dividend	-	-	-	-153,602	-153,602
Closing equity, 30 June 2023	400,000	20,000	18,089	1,898,507	2,336,596
<b>Opening equity, 1 January 2023</b>	<b>400,000</b>	<b>20,000</b>	<b>19,224</b>	<b>1,642,825</b>	<b>2,082,049</b>
Profit for the period after tax	-	-	-	-	-
Capitalisation of development expenditures	-	-	7,872	-7,872	-
Dissolution resulting from development expenditure depreciations and impairments for the year	-	-	-11,528	11,528	-
<b>Total before transactions with shareholders</b>	<b>400,000</b>	<b>20,000</b>	<b>15,568</b>	<b>1,646,481</b>	<b>2,082,049</b>
Dividend	-	-	-	-153,602	-153,602
Closing equity, 31 December 2023	400,000	20,000	15,568	1,492,879	1,928,447
<b>Opening equity, 1 January 2024</b>	<b>400,000</b>	<b>20,000</b>	<b>15,568</b>	<b>1,492,879</b>	<b>1,928,447</b>
Profit for the period after tax	-	-	-	439,850	439,850
Capitalisation of development expenditures	-	-	10,529	-10,529	-
Dissolution resulting from development expenditure depreciations and impairments for the year	-	-	-12,998	12,998	-
<b>Total change before transactions with shareholders</b>	<b>400,000</b>	<b>20,000</b>	<b>13,099</b>	<b>1,935,198</b>	<b>2,368,297</b>
Dividend	-	-	-	-202,490	-202,490
Closing equity, 30 June 2024	400,000	20,000	13,099	1,732,708	2,165,808

# Cash flow statement

Amounts in SEK thousand

	2024 Jan-Jun	2023 Jan-Jun	2023 Jan-Dec
Operating profit	553,968	514,041	1,020,099
<b>Adjustment for items not included in cash flow</b>			
Unrealised portion of net result from financial transactions	-7,006	-5,916	-27,715
Depreciations, amortisation, impairments	2,955,552	3,024,691	6,093,918
Credit losses	12,869	1,099	12,621
Paid/refunded (-/+ ) tax	-21,854	-21,822	-250
<b>Changes to assets and liabilities in operating activities</b>			
Treasury bills eligible as collateral	-14,388	-199,772	-592,099
Loans and advances to the public	-792,063	361,188	49,683
Disposal of tangible assets	3,493,373	2,751,060	5,411,533
Acquisition of tangible assets	-7,380,919	-7,098,407	-14,182,866
Bonds and other interest-bearing securities	-229,835	-102,275	284,868
Deposits and borrowing from the public	-73,373	668,378	1,324,482
Liabilities to credit institutions	-47,619	-64,286	-111,905
Other assets	-195,620	105,279	-27,955
Securities issued	1,770,528	852,370	1,091,602
Other liabilities	504,017	249,375	131,101
<b>Cash flow from operating activities</b>	<b>527,630</b>	<b>1,035,003</b>	<b>477,117</b>
<b>Investing activities</b>			
Capitalised development expenditures	-1,979	-3,148	-56,322
Investments in shares and participations	-384	-998	-4,270
Disposal/redemption of shares and participations	3,118	3,626	3,626
<b>Cash flow from investing activities</b>	<b>755</b>	<b>-520</b>	<b>-56,966</b>
<b>Financing activities</b>			
Subordinated liabilities	-	-400,000	-400,000
Dividends paid	-202,490	-153,602	-153,602
<b>Cash flow from financing activities</b>	<b>-202,490</b>	<b>-553,602</b>	<b>-553,602</b>
<b>Cash flow for the period</b>			
Cash and cash equivalents at beginning of year	1,854,022	1,987,473	1,987,473
Cash flow from operating activities	527,630	1,035,003	477,117
Cash flow from investing activities	755	-520	-56,966
Cash flow from financing activities	-202,490	-553,602	-553,602
<b>Cash and cash equivalents at end of period</b>	<b>2,179,917</b>	<b>2,468,354</b>	<b>1,854,022</b>



# Notes



## NOTES

Unless otherwise specified, amounts are stated in SEK thousand.

**NOTE 1. Accounting policies**

This interim report was prepared in accordance with IAS 34 Interim Financial Reporting. Ziklo Bank applies legally restricted IFRS, which means the interim report has been prepared in compliance with IFRS with the additions and exceptions set out in the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities; the stipulations and general recommendations of the Swedish Financial Supervisory Authority on annual reporting by credit institutions and securities companies (FFFS 2008:25) in compliance with the change regulations in FFS 2009:11 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. No changes in the bank's accounting policies as described in the Annual Report 2023 have taken place.

**Future regulatory changes IFRS****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. The bank intends to begin analysing the effects of the new standard.

**Other changes, IFRS**

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

**NOTE 2. 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.

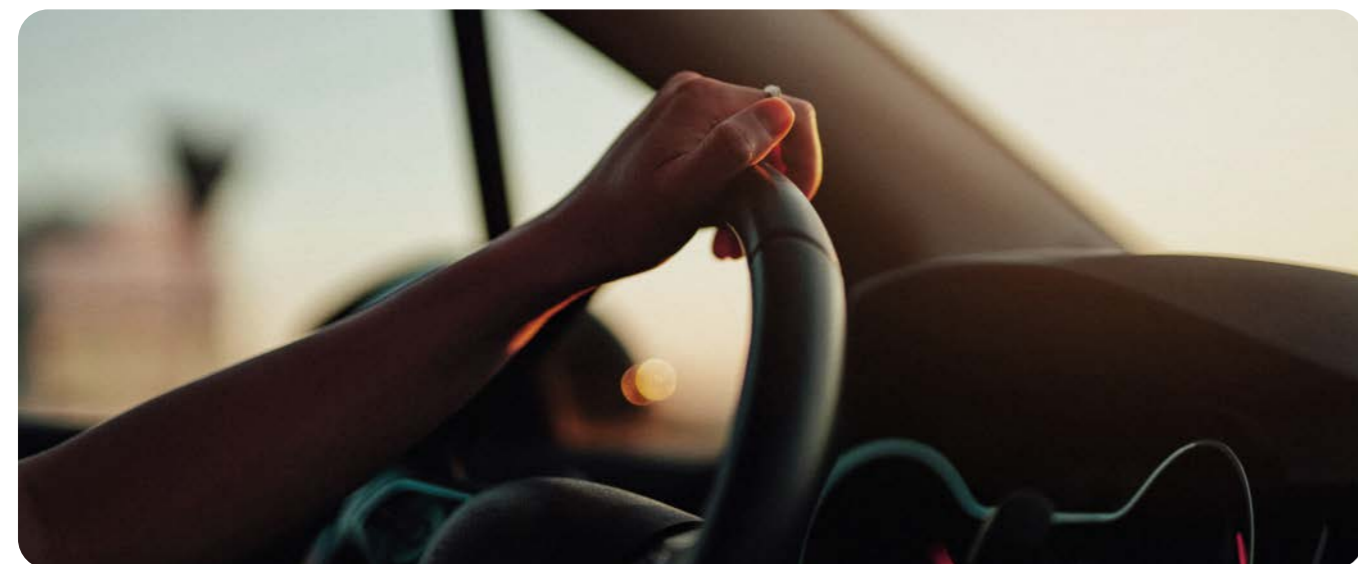
Primarily, the bank made the following critical assessments when applying significant accounting policies:

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

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

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

Estimates and assumptions are reviewed regularly. Changes in estimates are reported in the period during which a change is made if the change affects only that particular period, or in the period during which the change is made and future periods if the change affects both the current and future periods.

**NOTE 3. Operating segments**

The bank's operations are divided into operating segments based on which areas of operation are monitored by the bank's chief operating decision maker.

Operations are organised such that management monitors profit, returns and cash flows generated by the services. Internal reporting is structured to allow management to monitor the performance of all services. It is on the basis of this reporting that the bank has identified the segments Cars, Trucks and Fleet.

All operating income derives from external customers and all of the bank's operations take place in Sweden.

The tables below show segment reports on an aggregated level.

	2024 Jan–Jun	2023 Jan–Jun	2023 Jan–Dec
<b>Income statement</b>			
Net interest income and net leasing*	590,318	583,446	1,200,352
Dividends received	13	23	35
Commission income	228,230	215,047	421,042
Commission expenses	-88,436	-81,926	-190,127
Net result from financial transactions	-7,559	-5,916	-27,715
Service, repair and tyre agreements	36,208	31,244	65,336
Disposals, operating leases	218,065	176,133	363,384
Other income	23,338	3,588	6,835
<b>Operating income</b>	<b>1,000,177</b>	<b>921,640</b>	<b>1,839,143</b>
Overhead expenses**	-394,958	-331,985	-699,594
Credit losses	-3,911	-8,901	-17,934
Credit risk provision, change	-10,356	5,594	4,435
Residual value reserve, change	-36,983	-72,307	-105,950
<b>Operating profit</b>	<b>553,968</b>	<b>514,041</b>	<b>1,020,099</b>

\*Including depreciation of lease items.

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

	30/06/2024	30/06/2023	31/12/2023
<b>Lending</b>			
Car loans, Truck loans etc.	14,815,298	13,755,476	13,947,027
Contract credits	12,707	28,277	18,273
Credit card credits	1,958,609	1,958,854	1,927,996
Inventory credits	294,847	304,816	470,734
Promissory note loans	72,903	27,703	11,023
Lease items	27,047,739	24,749,962	26,086,832
<b>Lending</b>	<b>44,202,104</b>	<b>40,825,088</b>	<b>42,461,884</b>
<b>Product Information</b>			
Number of transferred loans and leases	187,187	197,873	191,485
of which loans	88,374	94,395	88,864
of which leases	98,813	103,478	102,621
	2024 Jan–Jun	2023 Jan–Jun	2023 Jan–Dec
Average contract loan and lease	224	195	209
of which loans	168	146	157
of which leases	274	239	254

# Cars

The Cars segment consists of three businesses: Retail Cars, OEM and Payments, all of which are 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 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 caravans and camper vans.

OEM, original equipment manufacture, includes financing of EVs from Polestar. The manufacturer has hitherto only had one model available on the market but will be launching an additional two models, in which the business will participate with financing.

New passenger car registrations during the first two quarters fell by 6% compared to the previous year. In all, just over 130,000 cars were registered during the first two quarters. New Volvo and Polestar registrations during the first six months of 2024 totalled 26,531, corresponding to a 20% market share. While companies continue to drive order intake, the private market has cooled, which can be attributed to the economic climate. In previous years, the private market was a major driver behind the increased electrification in the vehicle market. This leadership has now transferred to the commercial market as a result of the tougher economic times and the discontinued climate bonus. Despite the tough new-car market situation, the used car trade increased during the first six months by 8% compared to the previous year. The industry organisation Mobility Sweden forecasts a total market of 240,000 new passenger car registrations for 2024.

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 Jan-Jun	2023 Jan-Jun	2023 Jan-Dec
Net interest income and net leasing*	415,285	420,968	856,622
Dividends received	13	23	35
Commission income	147,761	140,708	276,415
Commission expenses	-84,059	-77,815	-181,426
Net result from financial transactions	-6,099	-4,098	-25,143
Disposals, operating leases	41,565	8,679	40,100
Other income	19,052	2,561	5,117
<b>Operating income</b>	<b>533,517</b>	<b>491,025</b>	<b>971,720</b>
Overhead expenses**	-270,526	-219,508	-479,392
Credit losses	-3,904	-8,901	-17,718
Credit risk provision, change	-8,610	8,009	5,650
Residual value reserve, change	-14,350	1,015	3,122
<b>Operating profit</b>	<b>236,126</b>	<b>271,639</b>	<b>483,382</b>

\*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	30/06/2024	30/06/2023	31/12/2023
Number of contracts	139,282	155,124	143,890
Total volume, SEK million	23,525	23,945	23,006
of which transferred, %	98.6	96.4	98.6
of which pledged, %	1.4	3.6	1.4
of which loans, %	42.3	40.4	40.8
of which leases, %	57.7	59.6	59.2
Private leasing as a proportion of total leases, %	26.6	30.9	28.9

Product information, cards	2024 Jan-Jun	2023 Jan-Jun	2023 Jan-Dec
Number of unique active accounts	491,932	506,011	555,746
Average number of active accounts	364,723	376,704	373,727
Total volume, SEK million	1,959	1,959	1,922
Average number of credit customers	74,180	75,292	75,344
Total sales Volvo Card, SEK million	8,520	8,567	17,581
of which fuel, %	26.5	32.3	31.9
of which workshop, %	12.8	13.2	15.3
of which retail store, %	0.8	0.8	0.8
of which car wash, %	1.0	1.3	0.9
of which sales outside Volvo dealers, %	52.3	45.1	47.1
of which other (incl. vehicle loans and insurance), %	6.7	7.3	4.0

# Trucks

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

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

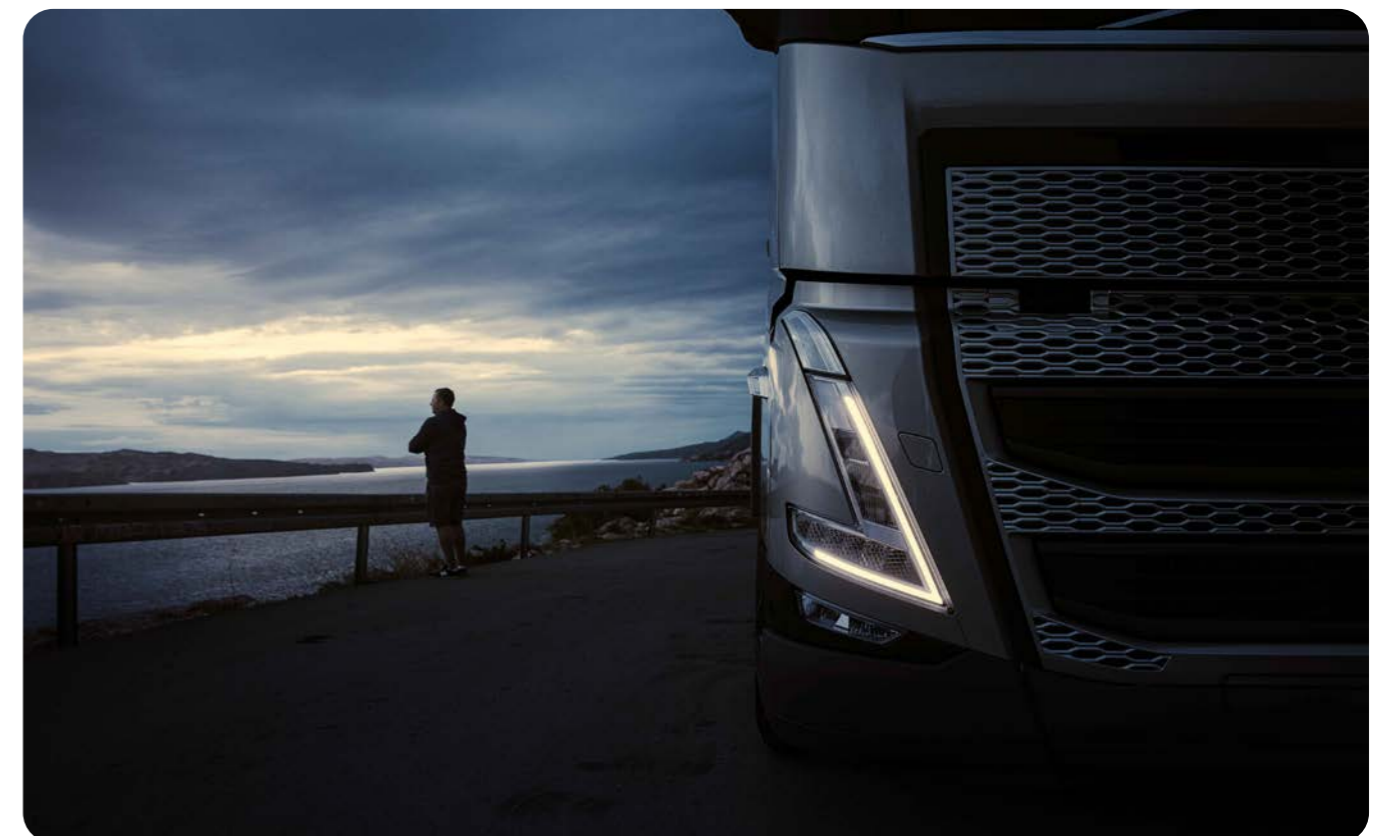
Together with Volvo Trucks and the Swedish Volvo dealers, we develop our financing products and service offering on an ongoing basis in order to modernize our mutual customer offering. eControl is one such product – an invoicing and monitoring system for hauliers' vehicle-related expenditures. Consulting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

	2024 Jan-Jun	2023 Jan-Jun	2023 Jan-Dec
Net interest income and net leasing*	61,959	61,728	125,172
Commission income	2,038	2,150	4,217
Commission expenses	-602	-545	-1,112
Net result from financial transactions	-608	-693	-1,806
Other income	1,152	109	289
<b>Operating income</b>	<b>63,939</b>	<b>62,749</b>	<b>126,760</b>
Overhead expenses**	-21,788	-19,474	-36,933
Credit losses	-	-	-
Credit risk provision, change	-57	-197	-149
<b>Operating profit</b>	<b>42,094</b>	<b>43,078</b>	<b>89,678</b>

Product information, loans and leasing	30/06/2024	30/06/2023	31/12/2023
Number of contracts	7,949	8,053	7,984
Total volume, SEK million	6,811	6,075	6,390
of which transferred, %	93.8	89.3	93.0
of which pledged, %	6.2	10.7	7.0
of which loans, %	77.6	77.4	78.0
of which leases, %	22.4	22.6	22.0
Operating leases as a proportion of total leases, %	23.3	27.9	25.1

\*Including depreciation and impairment of lease items.

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



# Fleet

Ziklo Fleet Services manages and finances vehicle fleets for mid-size and large companies. Companies with small vehicle fleets are also offered this service in the fully digital Small Fleet product. Customers are offered an end-to-end solution regardless of vehicle fleet size or vehicle brand.

Fleet provides both operational and financial leases and the target for Ziklo Fleet is to help companies choose the right product according to their specific needs. It also places great emphasis on advising customers about the green transition, and supports them in adapting to new regulations.

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

The number of agreements increased by around 5% compared to the previous year in a Fleet market that rose overall by around 3%. This increase is thanks to our long-term customer relations where we act as an advisor concerning company vehicle fleets.

The majority of the new contracts were in the operating leases category. The market for second-hand cars continued to be strong during the period, which is also reflected in the disposal gains for the sale of returned operational leasing cars.

	2024 Jan-Jun	2023 Jan-Jun	2023 Jan-Dec
Net interest income and net leasing*	113,074	100,750	218,558
Commission income	78,432	72,188	140,411
Commission expenses	-3,775	-3,566	-7,589
Net result from financial transactions	-852	-1,124	-765
Service, repair and tyre agreements	36,208	31,246	65,342
Disposals, operating leases	176,500	167,454	323,284
Other income	3,134	917	1,423
<b>Operating income</b>	<b>402,720</b>	<b>367,865</b>	<b>740,664</b>
Overhead expenses**	-102,644	-93,003	-183,270
Credit losses	-7	-	-217
Credit risk provision, change	-1,689	-2,217	-1,066
Residual value reserve, change	-22,633	-73,321	-109,072
<b>Operating profit</b>	<b>275,748</b>	<b>199,324</b>	<b>447,039</b>

\*Including depreciation of lease items.

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

Product Information	30/06/2024	30/06/2023	31/12/2023
Number of financing contracts	42,403	40,838	42,394
Number of administered contracts	53,397	51,026	51,843
Total volume, SEK million	12,626	10,307	11,716
of which operating leases, %	69.5	70.0	69.4
of which financial leases, %	30.5	30.0	30.6



## NOTE 4. Other operating income

	2024 Jan-Jun	2023 Jan-Jun	2023 Jan-Dec
Capital gains on the sale of tangible assets	391	1,749	3,241
Revenues, service and repair contracts	36,208	31,244	65,336
Disposals, Operating leases	218,065	176,133	363,384
of which sales revenue	(1,207,654)	(651,907)	(1,514,606)
of which cost of goods sold	(-989,590)	(-475,773)	(-1,151,222)
Income from associated companies	2,986	1,787	3,118
Reversal of opening VAT following review	19,589	-	-
Other income	372	53	476
<b>Total</b>	<b>277,611</b>	<b>210,966</b>	<b>435,555</b>

## NOTE 5. Depreciation and impairments of tangible and intangible non-current assets

	2024 Jan-Jun	2023 Jan-Jun	2023 Jan-Dec
Depreciation, leased items	-2,903,028	-2,945,256	-5,964,812
Impairment charges / Reversals; lease item residual value risk	-36,983	-72,307	-105,950
Impairment charges / Reversals; lease item credit risk	-2,060	-1,626	-664
Depreciation, inventory	-483	-1,220	-2,542
Depreciations and impairment of intangible assets	-12,998	-4,283	-11,528
<b>Total</b>	<b>-2,955,552</b>	<b>-3,024,691</b>	<b>-6,085,497</b>



**NOTE 6. Credit losses, net**

Credit losses	30/06/2024	30/06/2023	31/12/2023
<b>Loans at amortised cost (incl. unused part of limit)</b>			
Provisions – stage 1	5,653	5,254	5,397
Provisions – stage 2	16,757	13,537	15,734
Provisions – stage 3	11,800	3,974	4,122
<b>Total reserve</b>	<b>34,210</b>	<b>22,765</b>	<b>25,253</b>
	<b>2024</b>	<b>2023</b>	<b>2023</b>
	<b>Jan–Jun</b>	<b>Jan–Jun</b>	<b>Jan–Dec</b>
<b>Loans at amortised cost (incl. unused part of limit)</b>			
Change in provisions – stage 1	-257	11,536	11,391
Change in provisions – stage 2	-1,023	-2,642	-4,839
Change in provisions – stage 3	-7,678	-1,092	-1,239
<b>Total change in provisions</b>	<b>-8,958</b>	<b>7,802</b>	<b>5,313</b>
Write-off, confirmed credit losses	-5,035	-10,050	-19,934
Recoveries of previously confirmed credit losses	1,131	1,149	2,233
<b>Total</b>	<b>-3,904</b>	<b>-8,901</b>	<b>-17,701</b>
<b>Credit losses, net*</b>	<b>-12,862</b>	<b>-1,099</b>	<b>-12,388</b>

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

Credit losses	30/06/2024	30/06/2023	31/12/2023
<b>Lease assets at accrued cost</b>			
Provisions – stage 1	3,771	2,432	3,313
Provisions – stage 2	794	800	642
Provisions – stage 3	2,828	3,063	1,378
<b>Total reserve</b>	<b>7,393</b>	<b>6,295</b>	<b>5,333</b>
	<b>2024</b>	<b>2023</b>	<b>2023</b>
	<b>Jan–Jun</b>	<b>Jan–Jun</b>	<b>Jan–Dec</b>
<b>Lease assets at accrued cost</b>			
Change in provisions – stage 1	-458	647	-235
Change in provisions – stage 2	-152	-393	-235
Change in provisions – stage 3	-1,450	-1,880	-194
<b>Total change in provisions**</b>	<b>-2,060</b>	<b>-1,626</b>	<b>-664</b>
Write-off, confirmed credit losses	-7	-	-235
Recoveries of previously confirmed credit losses	-	-	2
<b>Total***</b>	<b>-7</b>	<b>-</b>	<b>-233</b>
<b>Credit losses, net</b>	<b>-2,067</b>	<b>-1,626</b>	<b>-897</b>

\*\*Income statement overview and the line item 'Depreciation and impairment of tangible and intangible non-current assets', Note 5. Note 5 refers to the line item 'Impairment charges / Reversals; lease item credit risk'.

\*\*\*For comparison, should be read together with the line item 'Credit losses, net' under 'Loans at amortised cost' in the note's first table.

Credit losses	30/06/2024	30/06/2023	31/12/2023
<b>Financial fixed assets</b>			
Provisions – stage 1	467	1,496	1,129
Provisions – stage 2	-	-	-
Provisions – stage 3	-	-	-
<b>Total reserve</b>	<b>467</b>	<b>1,496</b>	<b>1,129</b>
	<b>2024</b>	<b>2023</b>	<b>2023</b>
	<b>Jan–Jun</b>	<b>Jan–Jun</b>	<b>Jan–Dec</b>
<b>Financial fixed assets</b>			
Change in provisions – stage 1	662	-582	-214
Change in provisions – stage 2	-	-	-
Change in provisions – stage 3	-	-	-
<b>Total change in provisions</b>	<b>662</b>	<b>-582</b>	<b>-214</b>
<b>Credit losses, net****</b>	<b>662</b>	<b>-582</b>	<b>-214</b>

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

Credit losses	30/06/2024	30/06/2023	31/12/2023
<b>Total assets</b>			
Provisions – stage 1	9,891	9,182	9,839
Provisions – stage 2	17,551	14,337	16,376
Provisions – stage 3	14,628	7,037	5,500
<b>Total reserve</b>	<b>42,070</b>	<b>30,556</b>	<b>31,715</b>
	<b>2024</b>	<b>2023</b>	<b>2023</b>
	<b>Jan–Jun</b>	<b>Jan–Jun</b>	<b>Jan–Dec</b>
<b>Total assets</b>			
Change in provisions – stage 1	-53	11,601	10,942
Change in provisions – stage 2	-1,175	-3,035	-5,074
Change in provisions – stage 3	-9,128	-2,972	-1,433
<b>Total change in provisions</b>	<b>-10,356</b>	<b>5,594</b>	<b>4,435</b>
Write-off, confirmed credit losses	-5,042	-10,050	-20,169
Recoveries of previously confirmed credit losses	1,131	1,149	2,235
<b>Total</b>	<b>-3,911</b>	<b>-8,901</b>	<b>-17,934</b>
<b>Credit losses, net</b>	<b>-14,267</b>	<b>-3,307</b>	<b>-13,499</b>

**NOTE 7** Capital adequacy analysis

## KEY RATIOS

Available capital base (amount)	30/06/2024	31/03/2024	31/12/2023	30/09/2023	30/06/2023
Common Equity Tier 1 (CET1) capital	6,523,759	6,326,134	6,183,220	6,096,356	5,894,984
Tier 1 capital	6,523,759	6,326,134	6,183,220	6,096,356	5,894,984
Total capital	6,523,759	6,326,134	6,183,220	6,096,356	5,894,984
<b>Risk-weighted exposure amounts</b>					
Total risk-weighted exposure amount	28,628,789	27,548,686	27,422,136	25,602,745	25,527,585
<b>Capital ratio (as a percentage of the risk-weighted exposure amount)</b>					
Common Equity Tier 1 capital ratio (%)	22.8	23.0	22.5	23.8	23.1
Tier 1 capital ratio (%)	22.8	23.0	22.5	23.8	23.1
Total capital ratio (%)	22.8	23.0	22.5	23.8	23.1
<b>Additional capital base requirements to address risks other than the risk of excessive leverage (%)</b>					
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
<b>Combined buffer requirement and overall capital requirement (as a percentage of the risk-weighted amount of exposure)</b>					
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 (%)	14.8	15.0	14.5	15.8	15.1
<b>Leverage ratio</b>					
Total exposure measure	50,707,110	48,698,877	48,354,425	47,423,488	47,202,936
Leverage ratio (%)	12.9	13.0	12.8	12.9	12.5
<b>Additional capital base requirements to address the risk of excessive leverage (%)</b>					
Additional own funds requirements to address the risk of excessive leverage (as a percentage of the total exposure measure)	-	-	-	-	-
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
<b>Leverage buffer and overall leverage ratio requirement (as a percentage of total exposure measurement)</b>					
Leverage ratio buffer requirement (%)	-	-	-	-	-
Overall leverage ratio requirement (%)	3.0	3.0	3.0	3.0	3.0
<b>Liquidity coverage ratio</b>					
Total high-quality liquid assets (weighted value – average)*	2,933,458	2,881,012	2,863,987	2,826,327	2,785,135
Cash outflows – Total weighted value*	4,668,727	4,680,323	4,701,467	4,596,928	4,648,010
Cash inflows – Total weighted value*	4,332,083	4,315,508	4,530,718	4,547,006	4,668,896
Total net cash outflows (adjusted value)	1,169,087	1,171,986	1,177,272	1,167,855	1,180,625
Liquidity coverage ratio (%)	252	248	246	245	238
<b>Net stable funding ratio</b>					
Total available stable funding	44,010,384	42,115,379	41,669,854	40,694,382	40,923,669
Total required stable funding	36,959,004	35,376,329	35,026,800	34,104,499	33,668,478
Net stable funding ratio (%)	119	119	119	119	122

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



## CAPITAL BASE

	30/06/2024	30/06/2023	31/12/2023
<b>Common Equity Tier 1 capital Instruments and reserves</b>			
Capital instruments and the related share premium accounts	400,000	400,000	400,000
Retained earnings	1,292,858	1,490,358	1,290,389
Other reserves	4,557,042	3,753,945	4,559,511
Net interim profit after deductions for predictable expenses and dividends verified by persons in an independent position.	329,888	306,111	-
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>6,579,788</b>	<b>5,950,414</b>	<b>6,249,900</b>
<b>Common Equity Tier 1 capital: regulatory adjustments</b>			
Further value adjustments (negative amount)	-92	-123	-115
Intangible assets	-52,999	-18,089	-64,018
Negative amounts resulting from the calculation of expected loss amount	-	-33,644	-
Other regulatory adjustments	-2,938	-3,574	-2,548
<b>Total regulatory adjustments to Common Equity Tier 1 capital</b>	<b>-56,029</b>	<b>-55,430</b>	<b>-66,680</b>
<b>Common Equity Tier 1 (CET1) capital</b>	<b>6,523,759</b>	<b>5,894,984</b>	<b>6,183,220</b>
<b>Tier 1 capital contribution: Instrument</b>			
Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital ratio + Tier 1 capital contribution)	6,523,759	5,894,984	6,183,220
Tier 2 capital	-	-	-
<b>Total capital (Common Equity Tier 1 capital + Tier 2 capital)</b>	<b>6,523,759</b>	<b>5,894,984</b>	<b>6,183,220</b>
<b>Total risk-weighted assets</b>	<b>28,628,789</b>	<b>25,527,585</b>	<b>27,422,136</b>

## CAPITAL RATIOS AND BUFFERS

	30/06/2024	30/06/2023	31/12/2023
Risk-weighted assets	28,628,789	25,527,585	27,422,136
Common Equity Tier 1 capital ratio	22.79	23.09	22.55
Tier 1 capital ratio	22.79	23.09	22.55
Total capital ratio	22.79	23.09	22.55
Total capital requirement	14.37	14.39	14.33
Institution-specific Common Equity Tier 1 capital requirements including buffer requirements	10.05	10.10	10.03
of which: Pillar 1 requirement	4.50	4.50	4.50
of which: Pillar 2 requirement	1.05	1.10	1.03
of which requirement for capital conservation buffer	2.50	2.50	2.50
of which requirement for countercyclical buffer	2.00	2.00	2.00



## INTERNALLY ASSESSED CAPITAL REQUIREMENT

	Capital requirement	30/06/2024 Capital requirement / Total REA	Of which CET1 requirements / REA	Capital requirement	30/06/2023 Capital requirement / Total REA	Of which CET1 requirements / REA	Capital requirement	31/12/2023 Capital requirement / Total REA	Of which CET1 requirements / REA
Credit risk	1,890,724	6.6%	3.7%	1,677,447	6.6%	3.7%	1,803,476	6.6%	3.7%
Operational risk	215,203	0.8%	0.4%	183,321	0.7%	0.4%	215,203	0.8%	0.4%
CVA risk	3,311	0.0%	0.0%	3,839	0.0%	0.0%	3,972	0.0%	0.0%
Additional risk exposure amounts according to Article 3 CRR	181,065	0.6%	0.4%	177,600	0.7%	0.4%	171,120	0.6%	0.4%
<b>Pillar 1 capital requirement</b>	<b>2,290,303</b>	<b>8.0%</b>	<b>4.5%</b>	<b>2,042,207</b>	<b>8.0%</b>	<b>4.5%</b>	<b>2,193,771</b>	<b>8.0%</b>	<b>4.5%</b>
Concentration risk	291,341	1.0%	0.6%	275,120	1.1%	0.6%	281,819	1.0%	0.6%
Strategic risk	114,515	0.4%	0.2%	102,110	0.4%	0.2%	109,689	0.4%	0.2%
Market risk	128,105	0.4%	0.3%	105,887	0.4%	0.2%	111,543	0.4%	0.2%
<b>Pillar 2 capital requirement*</b>	<b>533,961</b>	<b>1.9%</b>	<b>1.0%</b>	<b>483,117</b>	<b>1.9%</b>	<b>1.1%</b>	<b>503,050</b>	<b>1.8%</b>	<b>1.0%</b>
Capital conservation buffer	715,720	2.5%	2.5%	638,190	2.5%	2.5%	685,553	2.5%	2.5%
Countercyclical capital buffer	572,576	2.0%	2.0%	510,552	2.0%	2.0%	548,443	2.0%	2.0%
<b>Combined buffer requirement</b>	<b>1,288,296</b>	<b>4.5%</b>	<b>4.5%</b>	<b>1,148,741</b>	<b>4.5%</b>	<b>4.5%</b>	<b>1,233,996</b>	<b>4.5%</b>	<b>4.5%</b>
<b>Capital requirements</b>	<b>4,112,560</b>	<b>14.4%</b>	<b>10.0%</b>	<b>3,674,065</b>	<b>14.4%</b>	<b>10.1%</b>	<b>3,930,817</b>	<b>14.3%</b>	<b>10.0%</b>
<b>Capital base</b>	<b>6,523,759</b>	-	-	<b>5,894,984</b>	-	-	<b>6,183,220</b>	-	-
<b>Capital surplus</b>	<b>2,411,199</b>	-	-	<b>2,220,919</b>	-	-	<b>2,252,402</b>	-	-

## CAPITAL REQUIREMENT AND RISK-WEIGHTED EXPOSURE AMOUNT

	30/06/2024			30/06/2023			31/12/2023		
	Capital requirement	Risk-weighted exposure amount	Average risk weighting	Capital requirement	Risk-weighted exposure amount	Average risk weighting	Capital requirement	Risk-weighted exposure amount	Average risk weighting
<b>Credit risk according to IRB</b>									
Corporate exposures	801,772	10,022,153	71.8%	670,989	8,387,366	73.7%	784,035	9,800,443	73.1%
Retail exposures	435,661	5,445,767	18.1%	430,698	5,383,727	17.7%	414,895	5,186,183	17.5%
Non credit-obligation assets exposure	474,173	5,927,168	100.0%	434,046	5,425,580	100.0%	459,006	5,737,581	100.0%
<b>Total according to IRB</b>	<b>1,711,607</b>	<b>21,395,088</b>	<b>42.9%</b>	<b>1,535,734</b>	<b>19,196,673</b>	<b>40.6%</b>	<b>1,657,936</b>	<b>20,724,206</b>	<b>42.5%</b>
<b>Credit risk STD</b>									
Exposures to central governments or central banks	-	-	0.0%	-	-	0.0%	-	-	0.0%
Exposures to provincial or regional government bodies or local authorities	-	-	0.0%	-	-	0.0%	-	-	0.0%
Exposures to public sector	285	3,565	20.0%	178	2,226	20.0%	229	2,864	20.0%
Exposures to institutions	37,238	465,476	20.0%	41,905	523,813	20.0%	31,452	393,147	20.0%
Corporate exposures	93,577	1,169,707	86.6%	53,257	665,717	94.9%	69,347	866,838	92.9%
Retail exposures	30,939	386,740	63.6%	24,398	304,973	62.3%	28,531	356,637	63.6%
Exposures in default	813	10,165	149.7%	229	2,862	150.0%	1,282	16,022	149.5%
Covered bonds	12,701	158,758	10.0%	13,627	170,340	10.0%	10,843	135,532	10.0%
Equity exposures	1,511	18,884	100.0%	1,468	18,347	100.0%	1,729	21,618	100.0%
Other items	2,053	25,667	100.0%	6,651	83,143	100.0%	2,127	26,593	100.0%
<b>Total STD</b>	<b>179,117</b>	<b>2,238,964</b>	<b>28.0%</b>	<b>141,714</b>	<b>1,771,420</b>	<b>24.6%</b>	<b>145,540</b>	<b>1,819,250</b>	<b>26.3%</b>
<b>Total</b>	<b>1,890,724</b>	<b>23,634,052</b>	<b>40.8%</b>	<b>1,677,447</b>	<b>20,968,093</b>	<b>38.5%</b>	<b>1,803,476</b>	<b>22,543,456</b>	<b>40.5%</b>
Operational risk according to the basic indicator approach	215,203	2,690,038	-	183,321	2,291,514	-	215,203	2,690,038	-
Credit value adjustment (CVA)	3,311	41,393	-	3,839	47,982	-	3,972	49,645	-
Additional risk exposure amounts according to Article 3 CRR	181,065	2,263,307	-	177,600	2,219,996	-	171,120	2,138,997	-
<b>Total minimum capital requirement and risk-weighted exposure amount</b>	<b>2,290,303</b>	<b>28,628,789</b>	<b>-</b>	<b>2,042,207</b>	<b>25,527,585</b>	<b>-</b>	<b>2,193,771</b>	<b>27,422,136</b>	<b>-</b>

**NOTE 8. 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 and subordinated liabilities have been calculated based on current lending spreads (Level 2) to determine fair value according to IFRS 13. Liabilities to credit institutions have been calculated on the basis of estimated borrowing spreads (Level 3). Deposits and borrowings from the general public are calculated by estimating borrowing spreads (Level 3); the carrying amount is considered to be a good approximation of fair value due to the short remaining term.

Other categories belong to Level 3. The carrying amounts of these assets and liabilities provide a good approximation of fair value due to their short remaining maturity.

Fair values are categorised into levels in a fair value hierarchy based on the use of input data in the following measurement techniques:

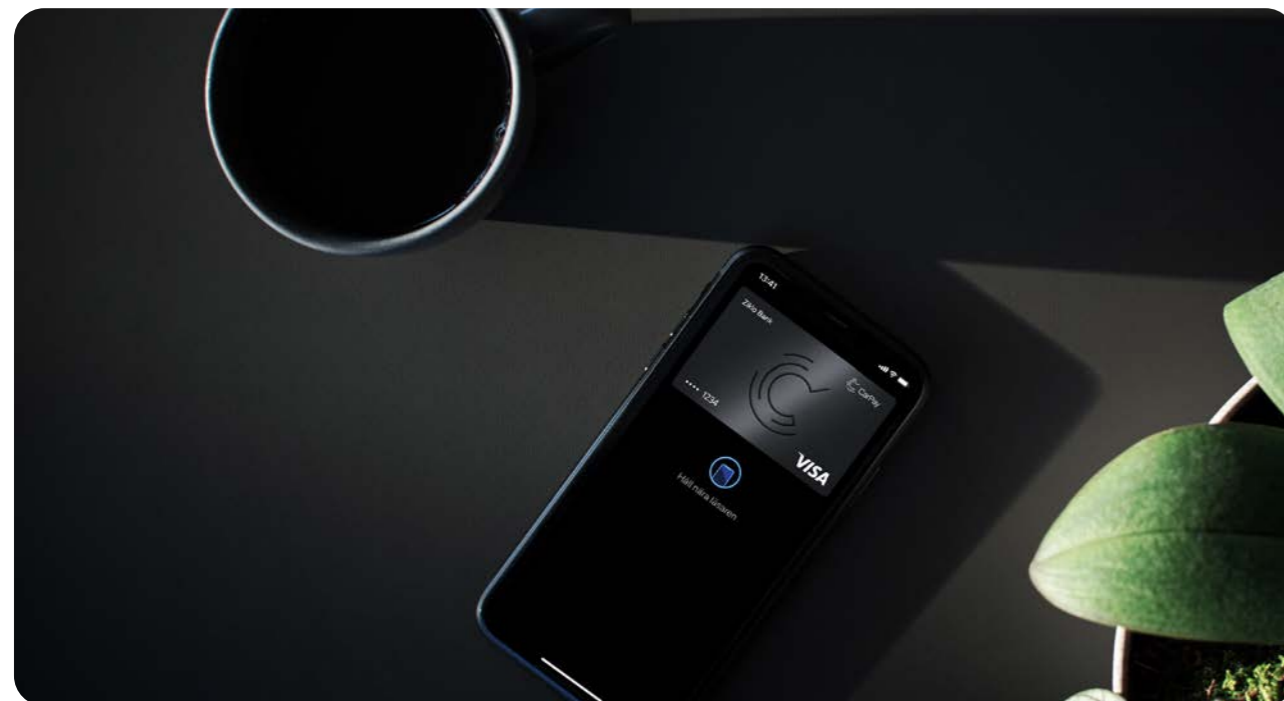
Level 1 – according to quoted price on an active market for identical instruments.

Level 2 – from directly or indirectly observable market data not included in Level 1. This category includes instruments whose value is based on quoted prices on active markets for similar instruments; quoted prices for identical or similar instruments traded on non-active markets, or other valuation techniques where all material input data is directly and indirectly observable on the market.

Level 3 – from input data not observable on the market. This category includes all instruments where the valuation technique comprises inputs that are not based on observable data and where such data has a material impact on valuation.

**Financial instruments that are offset in the balance sheet or covered by netting agreements**

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 34.6 million and liabilities to SEK 50.3 million. Securities totalling SEK 4.5 million were received and assets of SEK 28.1 million were pledged as of 30 June 2024.



Assets, Jan – Jun 2024	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Treasury bills eligible as collateral etc.	1,845,320	-	-	1,845,320	1,845,380
Lending to credit institutions	-	-	2,179,917	2,179,917	2,179,917
Loans and advances to the public	-	-	17,570,157	17,570,157	17,154,365
Bonds & other interest-bearing securities	1,588,670	852,880	-	2,441,550	2,440,460
Shares and participations in other companies*	-	7,002	-	7,002	7,002
Other assets*	-	34,611	1,263,031	1,297,643	1,297,643
Prepaid expenses and accrued income	-	-	121,179	121,179	121,179
<b>Total</b>	<b>3,433,990</b>	<b>894,494</b>	<b>21,134,285</b>	<b>25,462,768</b>	<b>25,045,945</b>

Liabilities, Jan – Jun 2024	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Liabilities to credit institutions	-	-	1,267,620	1,267,620	1,247,619
Deposits and borrowing from the public	-	-	24,295,574	24,295,574	24,295,574
Securities issued	-	15,368,896	-	15,368,896	15,245,574
Other liabilities*	-	50,265	1,370,456	1,420,721	1,420,721
Accrued expenses and deferred income	-	-	2,102,727	2,102,727	2,102,727
<b>Total</b>	<b>-</b>	<b>15,419,161</b>	<b>29,036,377</b>	<b>44,455,539</b>	<b>44,312,215</b>

Assets, Jan – Jun 2023	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Treasury bills eligible as collateral etc.	1,438,591	-	-	1,438,591	1,438,665
Lending to credit institutions	-	-	2,468,354	2,468,354	2,468,354
Loans and advances to the public	-	-	16,511,482	16,511,482	16,075,126
Bonds & other interest-bearing securities	1,702,977	894,374	-	2,597,352	2,597,768
Shares and participations in other companies*	-	6,465	-	6,465	6,465
Other assets*	-	-	932,214	932,214	932,214
Prepaid expenses and accrued income	-	-	168,116	168,116	168,116
<b>Total</b>	<b>3,141,569</b>	<b>900,839</b>	<b>20,080,166</b>	<b>24,122,573</b>	<b>23,686,708</b>

Liabilities, Jan – Jun 2023	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Liabilities to credit institutions	-	-	1,367,459	1,367,459	1,342,857
Deposits and borrowing from the public	-	-	23,713,133	23,713,133	23,712,843
Securities issued	-	13,204,932	-	13,204,932	13,235,814
Other liabilities*	-	81,052	1,183,985	1,265,037	1,265,037
Accrued expenses and deferred income	-	-	1,901,476	1,901,476	1,901,476
<b>Total</b>	<b>-</b>	<b>13,285,984</b>	<b>28,166,052</b>	<b>41,452,036</b>	<b>41,458,027</b>

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

## Fair value assets and liabilities per category

Assets 30/06/2024	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.	1,845,380	-	-	-	1,845,380	1,845,320
Lending to credit institutions	2,179,917	-	-	-	2,179,917	2,179,917
Loans and advances to the public	17,154,365	-	-	-	17,154,365	17,570,157
Bonds & other interest-bearing securities	2,440,460	-	-	-	2,440,460	2,441,550
Shares and participations in other companies	-	-	-	7,002	7,002	7,002
Shares and participations in associated companies	-	-	5,140	-	5,140	-
Shares and participations in Group companies	-	-	6,742	-	6,742	-
Intangible non-current assets	-	-	52,999	-	52,999	-
Tangible assets: fixtures and fittings	-	-	2,716	-	2,716	-
Tangible assets: lease items	-	-	27,047,739	-	27,047,739	-
Tangible current assets	-	-	14,403	-	14,403	-
Other assets	1,020,768	20,717	242,263	13,895	1,297,643	1,297,643
Prepaid expenses and accrued income	121,179	-	-	-	121,179	121,179
<b>Total assets</b>	<b>24,762,068</b>	<b>20,717</b>	<b>27,372,002</b>	<b>20,897</b>	<b>52,175,684</b>	

Liabilities 30/06/2024	Non-financial liabilities	Derivatives in hedge accounting	Other financial liabilities	Fair value via the income statement (mandatory)	Total	Fair value
Liabilities to credit institutions	-	-	1,247,619	-	1,247,619	1,267,620
Deposits and borrowing from the public	-	-	24,295,574	-	24,295,574	24,295,574
Securities issued	-	-	15,245,574	-	15,245,574	15,368,896
Other liabilities	544,165	24,700	826,292	25,565	1,420,721	1,420,721
Accrued expenses and deferred income	1,577,257	-	525,470	-	2,102,727	2,102,727
<b>Total liabilities</b>	<b>2,121,421</b>	<b>24,700</b>	<b>42,140,529</b>	<b>25,565</b>	<b>44,312,215</b>	

Assets 30/06/2023	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.	1,438,665	-	-	-	1,438,665	1,438,591
Lending to credit institutions	2,468,354	-	-	-	2,468,354	2,468,354
Loans and advances to the public	16,075,126	-	-	-	16,075,126	16,511,482
Bonds & other interest-bearing securities	2,597,768	-	-	-	2,597,768	2,597,352
Shares and participations in other companies	-	-	-	6,465	6,465	6,465
Shares and participations in associated companies	-	-	5,140	-	5,140	-
Shares and participations in Group companies	-	-	6,742	-	6,742	-
Intangible non-current assets	-	-	18,089	-	18,089	-
Tangible assets: fixtures and fittings	-	-	2,346	-	2,346	-
Tangible assets: lease items	-	-	24,749,962	-	24,749,962	-
Tangible current assets	-	-	5,554	-	5,554	-
Other assets	719,345	-	177,033	35,836	932,214	932,214
Prepaid expenses and accrued income	168,116	-	-	-	168,116	168,116
<b>Total assets</b>	<b>23,467,374</b>	<b>-</b>	<b>24,964,866</b>	<b>42,300</b>	<b>48,474,541</b>	

Liabilities 30/06/2023	Non-financial liabilities	Derivatives in hedge accounting	Other financial liabilities	Fair value via the income statement (mandatory)	Total	Fair value
Liabilities to credit institutions	-	-	1,342,857	-	1,342,857	1,367,459
Deposits and borrowing from the public	-	-	23,712,843	-	23,712,843	23,713,133
Securities issued	-	-	13,235,814	-	13,235,814	13,204,932
Other liabilities	351,917	65,888	832,068	15,164	1,265,037	1,265,037
Accrued expenses and deferred income	1,562,796	-	338,680	-	1,901,476	1,901,476
<b>Total liabilities</b>	<b>1,914,713</b>	<b>65,888</b>	<b>39,462,262</b>	<b>15,164</b>	<b>41,458,027</b>	



**NOTE 9. Related parties**

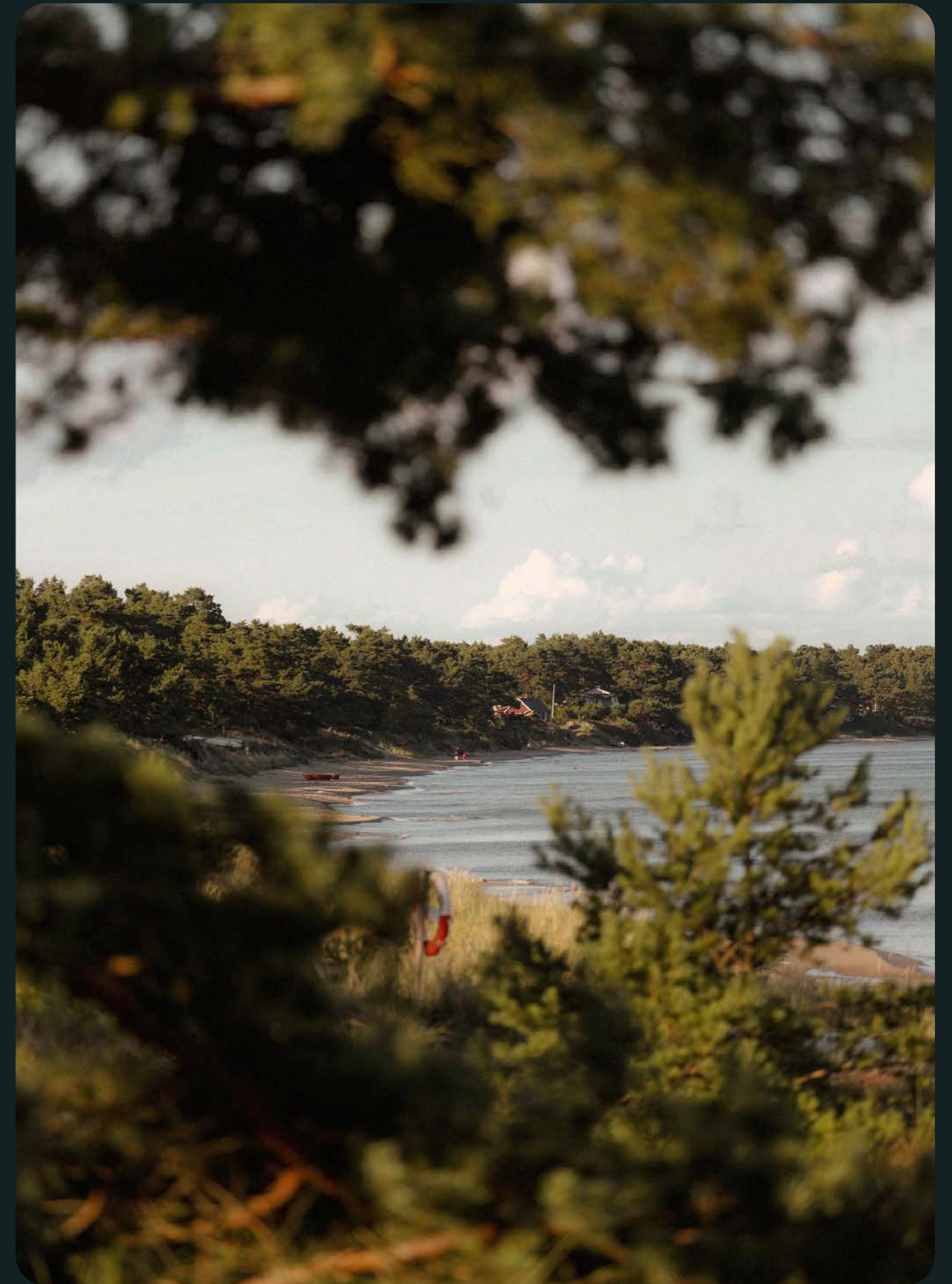
The bank is owned 50% by Volvo Personvagnar AB and 50% by Swedish Volvo dealers, through their trust company AB Volverkinvest. Both companies are classified as other related companies.

The bank has participations in four companies classified as associates; Volvohandelns PV Försäljnings AB, Volvohandelns PV Försäljnings KB, VCC Tjänstebilar KB and VCC Försäljnings KB. The Group also includes wholly-owned and dormant subsidiaries: Volvofinans Leasing AB, Autofinans Nordic AB, CarPay Sverige AB and Volvofinans IT AB.

	Group companies		Associates		Other related companies	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023	30/06/2024	30/06/2023
<b>Balance sheet</b>						
Assets	6,742	6,742	11,521	5,140	1,201,321	971,245
Liabilities	6,789	6,789	105,564	124,335	280,019	1,167,206
<b>Income statement</b>						
Interest income	-	-	2,577	3,660	145	52
Lease income	-	-	-	-	155,611	153,645
Interest expenses	-	-	-863	-472	-5,635	-2,125
Commission revenues	-	-	1,556	1,547	6,414	6,388
Other operating income	-	-	2,986	1,787	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>6,256</b>	<b>6,521</b>	<b>156,535</b>	<b>157,960</b>

**NOTE 10. Events after the end of the period**

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



# 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.