

Interim Report 1 January - 30 June

Volvofinans Bank AB

2018

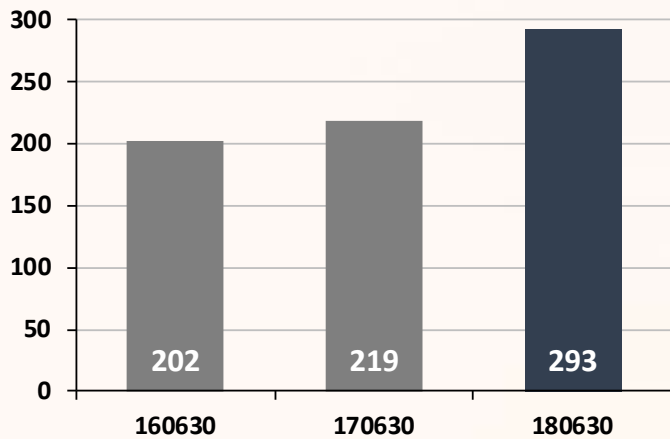


VOLVOFINANS BANK

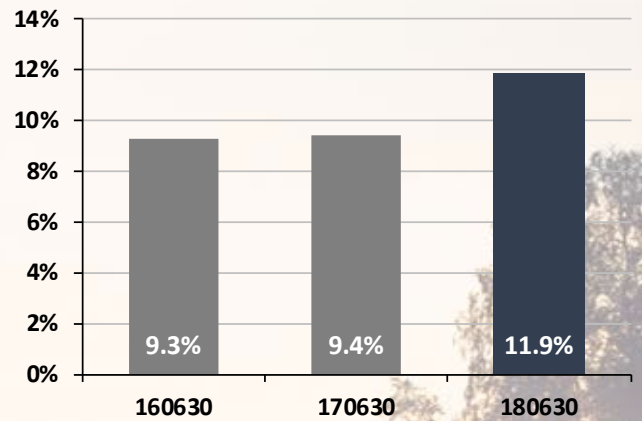
Summary

January - June 2018

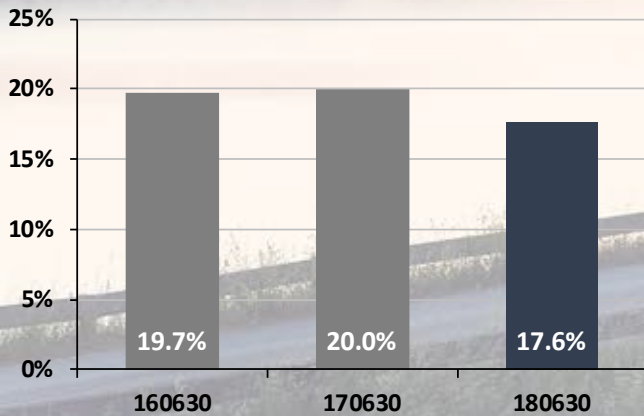
Operating profit, SEK million



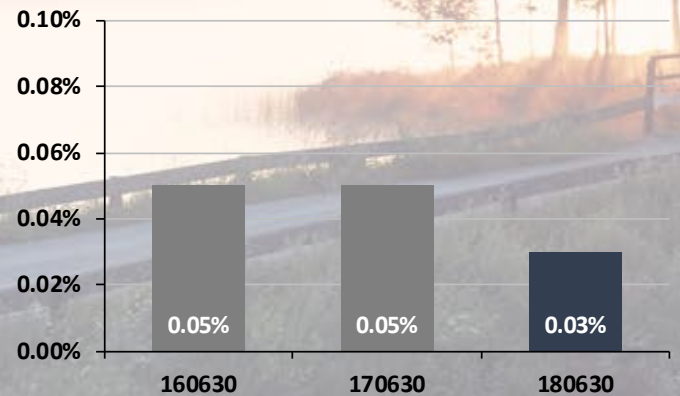
Return on equity



Common equity tier 1 capital ratio



Credit losses/lending



Statement by the CEO

January - June 2018 highlights

Profit before taxes: SEK 293.1 million (219.0)

Return on equity: 11.9 % (9.4)

Lending as at 30 June: SEK 37.7 billion (33.5)

Net credit losses: SEK 6.2 million (8.4)

Common equity tier 1 capital ratio: 17.6 % (20.0)

The profit for the first half of 2018 amounted to SEK 293 million, which is the best half-year earnings so far in the bank's history. Lending increased by over SEK 4 billion, partly explained by accelerated sales driven by the new car taxation rules which entered into force 1st July. Each of the business areas Cars, Fleet and Trucks delivered even higher profits and greater volumes than last year. There are also two non-recurring items behind this half-year result, one being a previously reported reversal of a SEK 45.8 million residual value reserve, with the other being a dividend received from Visa Sweden of SEK 16.3 million.

The new tax, called bonus malus, has affected new car registrations and as such, the market for new passenger cars increased by 16.5 % compared to last year's record volume, to 225,543 cars. Volvo Personvagnar finished the half-year with a total market share of 21.6 %, which is 1.2 percentage points higher than June 2017. For the remainder of 2018, the passenger vehicles market is expected to develop at a slightly slower pace. According to BIL Sweden the full-year registrations for 2018 are expected to amount to approximately 360,000 cars which is below last year's record figures (372,000 cars). Light commercial vehicles have also seen record sales during June also as an effect of bonus malus. The market for heavy goods vehicles (>16 tons), which is not affected by the new taxation, has had a more neutral end to the first half of 2018 with totals in line with 2017's record year. Volvo Lastvagnar remains the market leader with an impressive market share of 46.5 %. Thus, the outlook for heavy goods vehicles looks just as strong this year.

The future within the car industry will particularly focus on connectivity, electrification, autonomous driving and car sharing. The first three areas mentioned above are mainly driven by technological innovation while the latter, car sharing, is driven by the expected change in user patterns related to future mobility demands. Volvo Personvagnar is well ahead in all of these areas and the bank is developing new payment solutions that will offer new possibilities, not least through Volvofinans Bank's CarPay app. The new concept with digital payments will successively replace the significance of the physical plastic card. It is therefore, of great importance for the bank to keep pace with developments in new technology, which is also one of the reasons that costs have deliberately increased during this period. As a result, the bank can secure its financial products of the future, while taking the lead in the New Car Economy.

During the second quarter, the bank has streamlined its capital base through the issuing of a SEK 400 million-subordinated loan and thereafter issued an additional dividend of the corresponding amount. Also on the finance side, the bank has issued its first bond in

Norwegian kroner in June.

In conclusion, we see a car market that will remain large, even if it doesn't reach the record levels of the previous year. Such car volumes can build the basis for a profitable service market where we both hope and plan for our services that will add even more value in the digital future.

Conny Bergström
CEO
Volvofinans Bank AB

The information contained in this report is that which Volvofinans Bank AB (publ), corporate ID no. 556069-0967, is obliged to publish in accordance with the Swedish Securities Market Act (SFS 2007:528). This report was submitted for publication on 17 August 2018.



CARPAY

Financial Statements

Ownership/Operations

The company was established in 1959 and 50% of the bank is owned by each of the Swedish Volvo dealers, via their holding companies AB Volverkinvest and Volvo Personvagnar AB.

The primary task of Volvofinans Bank is to actively support sales of products marketed by Volvo dealers in the Swedish market by providing product and sales financing, with good profitability.

Volvofinans Bank AB is the parent company in a group with a dormant subsidiary. Based on chapter 7, section 6a of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), Volvofinans Bank does not prepare consolidated accounts as activities in subsidiaries are of negligible value.

Trends in volume/lending

The lending volume amounted to SEK 37.7 billion compared with SEK 33.5 billion previous year. Truck's (truck and bus) share accounts for SEK 3.2 billion (2.8) of lending, equivalent to 9 % (8) of total lending. Fleet's (passenger car financing to large companies) share of lending is SEK 6.8 billion (5.7) or 18 % (17) and Volvo Card's share (within the segment Cars) amounts to 5 % (5) or SEK 1.8 billion (1.7). The remaining share, SEK 25.9 billion (23.3) refers to the financing of passenger cars within Cars, which corresponds to 69 % (70) of lending.

The operating income, operating profit, number of contracts and lending volume for Volvofinans Bank's business areas are presented in Note 3.

Trends in earnings performance and financial position Profit

Volvofinans Bank's profit before credit losses amount to SEK 293.1 million (219.0), an increase of 34 % driven by higher lending volumes. The increase in profit can also be explained by a reversal of a previously made residual value impairment, see the section on residual value risk. The bank has also received cash and share dividend from Visa Sweden as a result of their sale of Visa Europe share to Visa Inc.

Credit risk and credit losses

The credit risk for Volvofinans Bank is very low, as, under the agreements in place, the majority of the credit risk is borne by each Volvo dealer. Problem credits are defined as all defaulted receivables, i.e. those more than 90 days overdue or defaulted for other reasons. Volvofinans Bank's problem credits for credit card receivables amounts to SEK 12.8 million (12.3) and for loans and leasing SEK 238.4 million (108.4).

With regard to commitments relating to loan and leasing, in addition to the collateral in the financed items, there are recourse agreements in place meaning that the dealers bear the credit risk. This amounted to a total of SEK 229.3 million (105.1) on the balance sheet day. Loans with deferral or renegotiated terms amount to SEK 23.2 million (8.0). Confirmed customer losses refer to credit card transactions. Expected credit losses are calculated based on a forward-looking impairment model, where the calculation takes into account both the macroeconomic data and demographic variables and behavioural variables.

Residual value risk

The residual value risk is 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. At 30 June 2018 the bank reported impairment losses of SEK 80.4 million (77.6), due to the residual value risk, which

is recognised as depreciation, amortisation and impairment of property, plant and equipment and intangible non-current assets. During the first half of the year, the bank made a reversal of SEK 52.3 million of a previously made impairment due to residual value risk. The majority, SEK 45.8 million, of this reversal is due to signing a new agreement with a buyer for cars in the Fleet business.

Funding and liquidity

Deposits in the bank's savings account increased by SEK 0.4 billion during the second quarter, with the total savings account balance amounting to SEK 15.6 billion (14.0) at half-year end. Total deposits including the credit balance for the Volvo Card and deposits from Volvo dealerships amounted to SEK 17.2 billion (15.4) and accounted for 47 % (48) of the bank's financing.

Bonds worth SEK 3.7 billion were issued during this half-year, whereof SEK 650 million relates to the bank's first bond in NOK (NOK 600 million) issued in June. External funding through the bank's market loan programs amounted to a nominal SEK 16.7 billion (14.8) as at 30 June 2018.

In addition to market borrowing and deposits, the bank also financed its activities through bank credit, which amounted to SEK 2.1 billion (1.7). The proportion of financing with a remaining term of more than one year from market loans programmes and the banking sector was 83 % (74).

Deposits with a remaining period of less than one year together with a proportion of borrowing must be covered at all times by the liquidity reserve and unutilized credit facilities. The total liquidity reserve amounted to SEK 5.2 billion (4.2). The securities portfolio amounted to SEK 3.5 billion, 61 %, and non-fixed deposits at other banks to SEK 1.7 billion, 39 %. The size of Volvofinans Bank's liquidity reserve must always be at least 10 % in relation to lending volume. As at 30 June 2018, total lending stood at SEK 37.7 billion, meaning that the size of the liquidity reserve was equivalent to 14 % (13).

In addition to the liquidity reserve, available and unutilised loan facilities amounted to SEK 4.3 billion (3.5). Volvofinans Bank's liquidity coverage ratio (LCR), according to article 415 in CRR (EU Capital Requirements Regulation), amounted at the end of Q2 to 318 % (289). The Net Stable Funding Ratio (NSFR), according to Volvofinans Bank's interpretation of the Basel Committee's new recommendation (BCBS295) was 145 % (144).

Capital adequacy

Volvofinans Bank calculates most of the credit risk on the basis of its internal ratings based approach (IRB), while the remainder is calculated according to the standardised approach. Common equity tier 1 capital ratio reached 17.6 % (20.0) and the leverage ratio amounted to 7.9 % (9.1).

As per June 2018 the bank is, after approval by the Swedish Financial Supervisory Authority (SFS), eligible to account for interim results when calculating for common equity tier 1 capital. Reporting starting in June 2018 will be accordingly performed.

The Swedish parliament decided on the 14 June to lower the corporate tax from 22.0 % to 21.4 % starting from 1 January 2019. Following this, the new corporate tax is applied in calculations of equity in untaxed reserves, starting from reporting in June 2018.

Other significant information

Significant risks and factors of uncertainty

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

Liquidity risk is the risk that Volvofinans Bank's payment obligations cannot be met on maturity without significant costs in terms of the means of payment or – in the worst-case scenario – cannot be met by any means. To deal with liquidity instability, Volvofinans Bank has not only a liquidity reserve, but also agreed credit facilities that can be utilized 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 vast majority of the bank's lending and all borrowing follows the short-term market interest rate, which involves a limited interest rate risk.

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

Rating

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

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

There have been no changes to the credit rating during the period.

A detailed and current analysis from Moody's can be found on our website, under the heading "About Volvofinans Bank/Investor Relations".

Calendar

7 November 2018 Interim report, January-September

The reports will be available on our website: volvofinans.se, under the heading "About Volvofinans Bank/Investor Relations".

If you have any questions, please contact CEO, Conny Bergström, on +46 (0)31-83 88 00.

Review

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

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

Certificate Interim report

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

Göteborg 17 August 2018

Urmas Kruusval
Chairman of the Board of Directors

Synnöve Trygg
Vice Chairman

Tommy Andersson
Board Member

Kristian Elvefors
Board Member

Per Avander
Board Member

Patrik Tolf
Board Member

Ann Hellenius
Board Member

Conny Bergström
CEO

KPI

	30/06/2018	30/06/2017	31/12/2017
Return on equity, %	11.86	9.42	8.77
Risk capital / Balance sheet total, %	11.13	11.8	11.47
Deposits / Lending, %	45.61	45.96	45.6
Operating profit / Risk-weighted assets, %	2.99	2.51	2.22
Total capital ratio, %	19.63	19.98	20.63
Common equity tier 1 capital ratio, %	17.59	19.98	20.63
Cost/income ratio	0.37	0.46	0.52
Cost/income ratio excl. residual value provision	0.48	0.44	0.44
Credit losses / Lending, %	0.03	0.05	0.05
Liquidity coverage ratio (LCR), %	317.7	289	280
NSFR (Net Stable Funding Ratio), %	145	144	146
Leverage ratio, %	7.9	9.1	9.4

Definitions for alternative key ratios and key ratios defined in accordance with the Swedish rules on capital adequacy can be found under:
<https://www.volvofinans.se/om-volvofinans/investerarrelationer/rapporter/definition-av-nyckeltal/>

Income statement, overview

	Amounts in SEK thousand					
	2018 Q2	2018 Q1	2017 Q2	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Interest income	120,855	115,227	109,700	236,081	213,239	438,440
Lease income	1,316,845	1,266,970	1,136,041	2,583,816	2,226,214	4,635,582
Interest expense	-67,552	-56,940	-48,916	-124,492	-91,373	-196,228
Net interest, Note 5	1,370,148	1,325,256	1,196,825	2,695,405	2,348,080	4,877,794
Dividend received, Note 6	16,308	-	-	16,308	-	-
Commission income	96,765	91,350	93,697	188,115	181,826	366,370
Commission expense	-15,219	-7,405	-8,783	-22,624	-15,400	-33,704
Net result of financial transactions	-263	-77	564	-340	-4,325	-13,053
Other operating income, Note 7	12,622	10,220	7,051	22,841	11,970	46,315
Total operating income	1,480,361	1,419,345	1,289,354	2,899,705	2,522,151	5,243,722
General administration expenses	-99,323	-94,834	-84,527	-194,157	-164,876	-334,544
Depreciation, amortisation, and impairment of property, plant, and equipment and intangible non-current assets, Note 5	-1,233,986	-1,144,748	-1,083,402	-2,378,734	-2,111,553	-4,436,389
Other operating expenses	-16,363	-11,247	-10,081	-27,610	-18,384	-47,190
Total operating expenses	-1,349,672	-1,250,829	-1,178,010	-2,600,501	-2,294,813	-4,818,123
Profit before credit losses	130,689	168,516	111,344	299,204	227,338	425,599
Credit losses, net, Note 8	-845	-5,333	-4,363	-6,178	-8,370	-17,991
Impairment of financial intangible assets, net	-45	118	-	73	-	-
Operating profit	129,799	163,301	106,981	293,099	218,968	407,608
Appropriations	-	-	-	-	-	-406,989
Tax	-27,777	-35,927	-23,536	-62,723	-48,173	-619
Profit	102,022	127,374	83,445	230,376	170,795	-

Balance sheet highlights

	Amounts in SEK thousand		
	30/06/2018	30/06/2017	31/12/2017
Eligible treasury bills etc.	1,373,667	1,131,760	1,432,848
Lending to credit institutions	1,660,008	1,266,786	1,300,672
Lending to the public	17,228,338	15,908,380	16,483,785
Bonds and other interest-bearing securities	2,166,419	1,822,530	1,882,661
Shares and participations in associates and other companies *	22,701	19,009	20,417
Shares and participations in Group companies	6,742	6,742	6,742
Intangible non-current assets	21,847	17,728	18,158
Property, plant, and equipment, inventory	2,582	2,064	2,300
Property, plant, and equipment, lease items	20,462,514	17,575,583	18,631,323
Other assets **	927,280	757,290	827,398
Prepayments and accrued income	91,090	75,576	43,157
Total assets, Note 15	43,963,188	38,583,448	40,649,461
Liabilities to credit institutions	2,116,667	1,650,000	2,150,000
Deposits and borrowing from the public	17,191,963	15,390,787	16,013,905
Securities issued	17,186,629	14,773,426	15,607,882
Other liabilities **	1,152,733	932,141	906,739
Accruals and deferred income	1,423,193	1,257,165	1,228,711
Total liabilities, Note 15	39,071,185	34,003,519	35,907,237
Subordinated liabilities	400,000	-	-
Untaxed reserves	3,629,711	3,222,722	3,629,711
Equity	862,292	1,357,207	1,112,513
Total liabilities and equity	43,963,188	38,583,448	40,649,461
* An increase with SEK 2.3 million due to dividend paid by Visa Sweden Förening ek. för.			
** Of which derivative instruments with positive and negative market value			
Derivative instruments with positive market value	30,033	16,931	14,030
Derivative instruments with negative market value	-166	-1,022	-2,760

Change in equity

	Amounts in SEK thousand					
	Restricted equity			Unrestricted equity		
	Share capital	Statutory reserve fund	Development fund	Retained earnings	Total equity	
Opening equity, 1 January 2017	400,000	20,000	5,973	760,439	1,186,412	
Profit for the period after tax	-	-	-	170,795	170,795	
Transfer self-generated development costs	-	-	14,113	-14,113	-	
Total before transactions with shareholders	400,000	20,000	20,086	917,121	1,357,207	
Dividends	-	-	-	-	-	
Closing equity, 30 June 2017	400,000	20,000	20,086	917,121	1,357,207	
	Share capital	Statutory reserve fund	Development fund	Retained earnings	Equity	
Opening equity 1 January 2017	400,000	20,000	5,973	760,439	1,186,412	
Net income after taxes	-	-	-	-	-	
Transfer self-generated development costs	-	-	10,116	-10,116	-	
Total before transactions with shareholders	400,000	20,000	16,089	750,323	1,186,412	
Dividends	-	-	-	-73,899	-73,899	
Closing equity, 31 December 2017	400,000	20,000	16,089	676,423	1,112,513	
	Share capital	Statutory reserve fund	Development fund	Retained earnings	Equity	
Opening equity, 1 January 2018	400,000	20,000	16,089	676,424	1,112,513	
IFRS 9, reclassification securities	-	-	-	1,500	1,500	
IFRS 9, credit risk reserve	-	-	-	-2,613	-2,613	
Adjusted opening balance, 1 January 2018	400,000	20,000	16,089	675,311	1,111,400	
Profit for the period after tax	-	-	-	230,376	230,376	
Transfer self-generated development costs	-	-	6,263	-6,263	-	
Total before transactions with shareholders	400,000	20,000	22,352	899,424	1,341,776	
Dividends	-	-	-	-479,484	-479,484	
Closing equity, 30 June 2018	400,000	20,000	22,352	419,940	862,292	

Cash flow statement

	Amounts in SEK thousand		
	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Operating activities			
Operating profit	293,099	218,968	407,608
Adjustment of items not included in cash flow			
Unrealised portion of net profit from financial transactions	-340	-853	-2,740
Depreciation, amortisation, and impairment	2,377,620	2,111,630	4,438,140
Credit losses	2,423	6,854	17,264
Paid/refunded (-/+) tax	80,870	61,958	13,171
Changes to the operating activities' assets and liabilities			
Eligible treasury bills etc.	59,182	-91,218	-392,306
Lending to the public	-745,454	-710,295	-1,296,828
Bonds and other interest-bearing securities	-283,758	-99,004	-159,135
Other assets	-292,932	-239,218	-179,848
Liabilities to credit institutions	-33,333	300,000	800,000
Deposits and borrowing from the public	1,178,057	-21,626	601,492
Securities issued	1,578,747	2,378,338	3,212,794
Other liabilities	440,817	282,641	230,671
Cash flows from operating activities	4,654,998	4,198,173	7,690,283
Investing activities			
Capitalised development expenditure	-5,985	-8,814	-11,664
Investments in shares and participations	-2,284	-	-1,408
Acquisition of property, plant, and equipment	-6,357,461	-5,360,922	-10,173,269
Sale of property, plant, and equipment	2,149,550	1,651,683	3,083,963
Cash flows from investing activities	-4,216,180	-3,718,053	-7,102,378
Financing activities			
Subordinated liabilities	400,000	-	-
Dividend paid	-479,484	-	-73,899
Cash flows from financing activities	-79,484	-	-73,899
Cash flow for the period			
Cash and cash equivalents at the beginning of the period	1,300,672	786,666	786,666
Cash flows from operating activities	4,654,999	4,198,173	7,690,283
Cash flows from investing activities	-4,216,180	-3,718,053	-7,102,378
Cash flows from financing activities	-79,484	-	-73,899
Cash and cash equivalents at the end of the period	1,660,007	1,266,786	1,300,672



Notes

Note 1 Accounting policies

Volvofinans Bank applies legally limited IFRS, which means that the interim report has been prepared in accordance 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 accordance with the amendment provisions in FFFS 2009:11 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL).

Some of the changes in the bank's accounting policies that are described in the 2017 annual report have not taken place, except that the bank also applies IAS 34 for the preparation of the interim report (see Chapter 8 Section 1 FFFS 2008:25).

IFRS 9

Impairment of financial assets and contract assets

The introduction of IFRS 9 from and including 1 January 2018 has meant that the bank has implemented a model based on expected credit losses. ("expected credit loss model"). The bank's method of impairment under the new rules differs from the previous methods in a number of ways, including the following:

- The exposures that form the subject of impairments include not only lending to the general public, but also other exposures that are valued at amortised cost, loan pledges issued and credit limits on credit cards that have been granted but not yet drawn upon.
- A loss reserve is reported when an exposure is reported for the first time at an amount equivalent to the expected credit loss over the coming 12 months (stage 1 = low risk).
- A higher loss reserve is reported for the exposure when there has been a significant increase in credit risk (stage 2 = increased risk or stage 3 = defaulted receivables), in which case a loss reserve is calculated at an amount equivalent to the expected credit losses for the full remaining period of the exposure.
- When calculating expected credit losses, account is taken of the expected changes in those macro factors that have a significant effect on the loss reserve.

As a result of the new regulations on accounting of expected credit losses, the bank has reported an increased credit risk reserve of SEK 2.6 million as at 1 January 2018. The increase relates to lending of SEK 1.4 million to the general public and SEK 1.2 million of securities in the liquidity reserve. As a result, retained earnings decreased by SEK 2.6 million in the opening balance for the 2018 financial year.

Classification and valuation of financial assets and financial liabilities

According to the classification and valuation requirements in IFRS 9, financial assets are to be classified as and valued at amortised cost, fair value through the statement of comprehensive income or fair value through other total comprehensive income. The classification of a financial instrument is determined on the basis of the business model of the portfolio in which the instrument is included and of whether cash flows constitute payments of principal and interest only. The bank's assessment is that the securities in the liquidity portfolio are held in the framework of a business model whose objective is to hold financial assets in order to collect contractual cash flows, and that these cash flows are only payments of principal and interest on the outstanding principal. On the basis of the provisions in IFRS 9, these investments, previously valued at fair value through the statement of comprehensive income, must be reported at amortised cost. In the opening balance for the 2018 financial year, the new valuation principle has increased the carrying amount for eligible treasury bills etc. and for bonds and other interest-bearing securities by SEK 1.5 million, as well as increasing retained earnings by SEK 1.5 million. In addition, the new classification and valuation requirements in IFRS 9 for financial assets and liabilities do not affect the bank's accounting principles.

IFRS 15 Revenue from Contracts with Customers

The regulation that applies entered into force from and including 1 January 2018 and has not had any significant impact on the bank's financial position, profit or cash flow.

Future regulatory changes

IFRS 16 Leases

IFRS 16 is a new standard for leases which will enter into force on 1 January 2019. The introduction is not expected to have any significant impact on the bank's financial position, profit or cash flow.

Note 2 Assessments and estimates in financial statements

Preparation of the financial statements in compliance with IFRS requires the bank's management to make critical judgements, accounting estimates, and assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, income, and expenses. Estimates and assumptions are based on historical experience and a number of factors that seem reasonable in the prevailing circumstances. The results of these estimates and assumptions are then used to assess the reported values of assets and liabilities that do not otherwise appear clear from other sources. Actual outcomes may deviate from these estimates and assessments. The bank has also primarily made the following critical judgements when applying significant accounting policies:

- Whether the bank assumes significant risks and benefits from the seller on acquisition of receivables and agreements
- Impairment testing of lease items at risk of falling residual value
- Choice of method for calculating expected credit losses
- Assessment of the bank's business model for the holding of securities in the liquidity portfolio

Areas in which uncertainty about estimates may exist are assumptions about credit loss impairment and the assessment of the residual value of lease items. Estimates and assumptions are reviewed regularly. Changes in estimates are reported in the period during which the estimates were made if the change affects only that particular period, or in that period in which the amendment is made and future periods if the change affects the current period and future periods.

Note 3 Operating segments

The bank's operations are divided into operating segments based on the business areas that the bank's chief operating decision maker is monitoring. Operations are organised so that the management monitors the profit and returns generated by the various services. The internal reporting procedures are therefore structured so that the management can monitor the performance of all services. It is based on this report that the bank has identified the Cars, Trucks and Fleet segments.

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



Cars

Coincidental with the new bonus-malus system entered into force 1 July 2018, the first half of 2018 closes with the best register month ever for passenger cars, 66,244 (38,324). During the first half of 2018 the registrations of new passenger cars in Sweden has increased with 16.5 % compared to the same period previous year. In total there are 225,543 (193,530) new registrations of passenger cars. The proportion of Volvo and Renault registrations reached 56,615 (47,046) and the combined market share was 25 % (24). At the same time as new car registrations reach peak levels, the sales of used cars are also high at 647,000 cars, 1 % increase from previous year. The private lease market turns a downward trend with delivers of 24,900 (22,100) private leased cars. Even the share of leased cars within the market for private registered cars have increased to 29 % (26 %) during the first half of 2018.

The development for how customers use digital purchases has been positive during the year. During the period, the bank has launched CarPay Checkout Tanka, digital purchases at Tanka stations and a national launch is planned for during the second half of 2018. Customers are hereby offered the best service for card less purchase of fuel. Since the launch of CarPay, a clear pattern over increasing customer satisfaction at the same pace as app downloads can be seen and the CarPay business keep driving sales.

	Amounts in SEK thousand		
	2018 Jan-Jun	2017 Jan-Jun	Change
Net interest *	232,971	216,410	16,561
Dividend	16,308	359	15,947
Commission income	130,445	125,195	5,249
Commission expenses	-22,223	-14,988	-7,235
Net result of financial transactions	-244	-3,210	2,965
Other income	3,818	2,306	1,513
Operating income	361,074	326,072	35,002
Expenses **	-166,535	-139,644	-26,891
Credit losses	-7,086	-7,635	549
Credit provision	953	-20	973
Operating profit	188,406	178,773	9,633

* Including depreciation and impairment of lease items.

** Including depreciation/amortisation of property, plant, and equipment and intangible non-current assets excluding depreciation and impairment of lease items.

Product information loans and leases	30/06/2018	30/06/2017	Change
Number of contracts	207,541	199,123	8,418
Total volume, SEK million	26,940	24,759	2,181
of which transferred, %	92.7	91.5	1.2
of which pledged, %	7.3	8.5	-1.2
of which loans, %	44.5	45.8	-1.3
of which leasing, %	55.5	54.2	1.3
Private leases as a proportion of total leases, %	26.7	26.8	-0.2

Product information cards	30/06/2018	30/06/2017	Change
Average number of active accounts	423,698	428,289	-4,591
Total volume, SEK million	1,799	1,651	148
Average number of credit customers	88,096	89,522	-1,426
Cards' share of consumers, %	90.0	90.5	-0.5
Total Volvo Card sales, SEK million	6,920	6,303	617
of which fuel, %	41.6	42.9	-1.3
of which workshop, %	16.1	16.4	-0.3
of which shop, %	1.8	2.1	-0.3
of which car wash, %	1.5	1.5	-0.1
of which sales outside Volvo business, %	28.4	25.3	3.1
of which other (including car loans and insurance), %	10.6	11.8	-1.2

Trucks

Within the Trucks business area, the bank offers loan and leasing financing of new and used trucks incl. trailers, constructions and other equipment. Volvo Truck Card is also included in Trucks.

Demand for trucks remains very high and is also expected to be strong for the rest of 2018. Volvo Trucks had a strong market share at the end of the second quarter with over 46 %. The bank's financing share of new trucks is also stable where more than every other truck is financed via loan or leasing.

The turnkey concept and operational leasing continue to attract the haulage industry which to a greater extent than before is demanding more predictable and flexible financial solutions. Work is ongoing within product development and marketing of financial offers together with Volvo Trucks and Volvo Dealers. The development of future service and financial solutions within Fleet Management and more convenient payment solutions via Volvo Truck Card are examples of areas where the bank, together with Volvo Trucks, create future conditions for increased customer value.

Volvo Truck Card, which is connected to service-market services and other software, such as Service Agreements and DynaFleet, also facilitate customer truck ownership. Insurance solutions via Volvia Truck Insurance and diesel via the collaboration of Volvo dealerships with Shell TruckDiesel are connected to the Volvo Truck Card. All this is within the context of the bank's aim to offer its customers a "Smarter Truck Economy".

	Amounts in SEK thousand		
	2018 Jan-Jun	2017 Jan-Jun	Change
Net interest *	18,692	16,545	2,147
Commission income	5,575	5,029	546
Commission expenses	-92	-105	13
Net result of financial transactions	-33	-380	347
Other income	531	79	452
Operating income	24,673	21,168	3,505
Expenses **	-13,981	-9,981	-4,000
Credit losses	-169	-59	-109
Credit provisions	83	-318	402
Operating profit	10,523	11,128	-604

* Including depreciation and impairment of lease items.

** Including depreciation/amortisation of property, plant, and equipment and intangible non-current assets excluding depreciation and impairment of lease items.

Product information loans and leases	30/06/2018	30/06/2017	Change
Number of contracts	6,630	6,031	599
Total volume, SEK million	4,059	3,564	495
of which transferred, %	79.6	78.4	1.3
of which pledged, %	20.4	21.6	-1.3
of which loans, %	77.5	77.5	0.0
of which leasing, %	22.5	22.5	0.0
Operating leases as a proportion of total leases, %	25.5	22.8	2.7

Product information cards	30/06/2018	30/06/2017	Change
Average proportion of active Volvo Truck Card accounts	1,596	1,773	-177
Total Volvo Truck Card sales, SEK million	189	196	-7
of which workshop, %	56.6	56.5	0.0
of which shop, %	11.9	12.8	-0.9
of which car wash, %	5.4	5.9	-0.5
of which other (including loans and insurance), %	6.9	6.7	0.1
of which fuel, %	19.2	18.1	1.1

Fleet

Within the Fleet segment, with sales and marketing under the name Svensk Vagnparksfinans, operating and financial leases are administered and financed via framework agreements on fleets of five cars or more, regardless of the brands of car customers choose to use. Service and repair agreements and the tyre warranty product are also administered here. The business idea is to make things easy for customers, and the ambition is to be at the forefront of web-based functions that simplify car ownership for both drivers and companies.

In recent years, the ambition of Fleet has been to achieve a leading position in the market. The first half of the year has started off at a good pace and so far 59 new framework agreements were signed with customers who have a total fleet of approx. 1,700 vehicles. Most of these were signed within the operating leasing category.

During the first half-year the bank made a reversal of SEK 52.3 million of a previously made impairment due to a residual value risk. The majority, SEK 45.8 million, of this reversal is due to signing a new agreement with a buyer for cars in the Fleet business.

	Amounts in SEK thousand		
	2018 Jan-Jun	2017 Jan-Jun	Change
Net leasing *	15,541	-3,232	18,773
Change in residual value impairment	52,295	9,067	43,228
Commission income **	52,096	51,603	493
Commission expenses	-309	-307	-2
Net result of financial transactions	-62	-735	673
Service and repair agreements **	18,305	9,074	9,231
Other income **	187	151	36
Operating income	138,053	65,622	72,431
Expenses ***	-43,998	-36,217	-7,780
Credit losses	90	-	90
Credit provisions	24	-338	362
Operating profit	94,170	29,067	65,103

* Including depreciation and impairment of lease items.

** See Note 7 Other income. Income and expenses from service and repair agreements were reported in 2017 among commission income.

*** Including depreciation/amortisation of property, plant, and equipment and intangible non-current assets excluding depreciation and impairment of lease items.

Product information	30/06/2018	30/06/2017	Change
Number of financing agreements	32,555	28,653	3,902
Number of administered contracts	44,149	39,953	4,196
Total volume, SEK million	6,843	5,683	1,159
of which operating leases, %	68.4	65.4	3.0
of which financial leases, %	31.6	34.6	-3.0

Note 4 Information on loan and leasing contracts

30/06/2018	Loans	Leasing	Total
Number of contracts	128 060	125 575	253 635
Average contracts, SEK thousand	118	178	148
Collateral value, SEK million	15 131	22 363	37 494
Credit utilized, SEK million	14 726	20 069	34 794
Loan-to-value ratio	97	90	93

30/06/2017	Loans	Leasing	Total
Number of contracts	125,293	114,426	239,719
Average contracts, SEK thousand	113	171	140
Collateral value, SEK million	14,105	19,531	33,636
Credit utilized, SEK million	13,611	17,093	30,704
Loan-to-value ratio	96	88	91

Note 5 Lease income and accumulated net interest

	Amounts in SEK thousand					
	2018 Q2	2018 Q1	2017 Q2	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Income from operating and finance leases	1,316,845	1,266,970	1,136,041	2,583,816	2,226,214	4,635,582
Depreciation, lease items	-1,234,861	-1,193,312	-1,069,215	-2,428,173	-2,099,667	-4,365,962
Impairment, lease items	1	-110	42	-110	-236	-694
Change in residual value provision, lease items	2,131	50,165	-12,872	52,295	-9,067	-64,204
Net leasing	84,116	123,712	53,996	207,828	117,244	204,722
Interest income	120,855	115,227	109,700	236,081	213,239	438,440
Interest expenses	-67,552	-56,940	-48,916	-124,492	-91,373	-196,228
Net interest	53,302	58,287	60,784	111,589	121,866	242,212
Accumulated net interest	137,418	181,999	114,780	319,417	239,110	446,934

Note 6 Dividend received

	Amounts in SEK thousand		
	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Cash dividend from Visa Sweden förening ek. för.	14,024	-	-
Convertible preference shares Visa Inc	2,284	-	-
Total	16,308	-	-

Volvofinans bank has during Q2 received a total dividend at SEK 16,308 thousand from Visa Sweden förening ek.för (Visa Sweden), in which association the bank is a member. The dividend originate in Visa Sweden's sale of their share in Visa Europe to Visa Inc. where the total compensation was a combination of cash and shares that is distributed among the different members of Visa Sweden.

The bank's share of the dividend consists of cash SEK 14 million, whereof SEK 1 million is guaranteed future dividend year 2019. Furthermore the dividend consists of shares in Visa Inc "Series C Convertible participating Preferred Stock". Since no liquid notes are available for this instrument, its market value has been identified with elements of internal assumptions.

Note 7 Other operating income

	Amounts in SEK thousand		
	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Capital gain on sale of property, plant and equipment	416	369	567
Service and repair agreements *	18,305	9,074	37,025
Income from associated companies	403	359	1,408
Other operating income	3,717	2,167	7,315
Total	22,841	11,970	46,315

* Service and repair agreements were reported in 2017 among commission income.

Note 8 Credit losses, net

Credit losses, net	Amounts in SEK thousand		
	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Loans at amortised cost (incl. unutilised part of limit)			
Change in provisions – stage 1	461	-	-
Change in provisions – stage 2	763	-	-
Change in provisions – stage 3	-236	-	-
Impairment for the period	-	-8,484	-11,477
Reversed provisions	-	7,809	11,013
Total change in reserve	988	-675	-464
Net costs for the period for confirmed losses	-8,121	-8,257	-19,241
Received from previous confirmed customer losses	955	562	1,714
Total	-7,166	-7,695	-17,527
Credit losses, net *	-6,178	-8,370	-17,991

* The reported net result of credit losses for 2018 refer to credit losses on loan receivables that were identified as doubtful and where the reserves are calculated based on expected credit losses, according to IFRS 9. The reported net result of credit losses for 2017 refer to credit losses on loan receivables where the reserves were calculated based on a previous model, according to IAS 39. The comparative figures have not been calculated and are thus not directly comparable.



Note 9 Own funds

	Amounts in SEK thousand		
	30/06/2018	30/06/2017	31/12/2017
Common equity tier 1 capital			
Equity	804,698	1,112,513	1,033,030
Share of equity of untaxed reserves	2,852,952	2,513,723	2,831,174
Intangible non-current assets	-21,847	-17,728	-18,158
AVA	-2,870	-2,297	-2,657
IRB shortfall	-182,044	-120,099	-62,163
Common equity tier 1 capital	3,450,889	3,486,113	3,781,226
Tier 2 capital			
Fixed-term subordinated loan	400,000	-	-
Tier 2 capital	400,000	-	-
Total own funds	3,850,889	3,486,113	3,781,226

Note 10 Capital adequacy

	Amounts in SEK thousand		
	30/06/2018	30/06/2017	31/12/2017
Risk-weighted assets, SEK thousand	19,622,006	17,451,927	18,325,156
CET 1 capital ratio, %	17.59	19.98	20.63
Total capital ratio, %	19.63	19.98	20.63

In June 2018 the bank has received an approval from the SFSA to account for the interim result when calculating common equity tier 1 capital. The bank is reporting accordingly as from June 2018.

Note 11 Internally assessed capital requirement

	Amounts in SEK thousand		
	30/06/2018	30/06/2017	31/12/2017
Credit risk	1,453,759	1,289,548	1,351,554
Operational risk	112,951	105,638	112,951
CVA risk	3,050	968	1,507
Pillar 1 capital requirement	1,569,760	1,396,154	1,466,012
Concentration risk	290,826	255,881	274,247
Strategic risk	78,488	69,808	73,301
Interest rate risk	65,000	50,000	65,000
Pillar 2 capital requirement	434,314	375,689	412,547
Capital conservation buffer	490,550	436,298	458,129
Countercyclical capital buffer	392,440	349,039	366,503
Combined buffer requirement	882,990	785,337	824,632
Capital requirement	2,887,064	2,557,180	2,703,192
Total own funds	3,850,889	3,486,397	3,781,226
Surplus of capital	963,825	929,217	1,078,035

Note 12 Capital requirement and risk-weighted exposure amount

	Amounts in SEK thousand					
	30/06/2018		30/06/2017		31/12/2017	
	Capital requirement	Risk-weighted exposure amount	Capital requirement	Risk-weighted exposure amount	Capital requirement	Risk-weighted exposure amount
Credit risk according to IRB						
Corporate exposures	511,551	6,394,390	429,543	5,369,288	485,402	6,067,521
Retail exposures	558,916	6,986,450	535,227	6,690,336	542,089	6,776,119
Non-credit obligation asset exposures	290,023	3,625,292	216,377	2,704,717	247,497	3,093,710
Total according to IRB	1,360,491	17,006,133	1,181,147	14,764,341	1,274,988	15,937,349
Credit risk according to standardized method						
Exposures to public bodies	398	4,977	342	4,270	427	5,343
Institutional exposures	28,065	350,811	20,823	260,293	21,436	267,956
Corporate exposures	16,276	203,454	46,386	579,828	15,615	195,188
Retail exposures	28,173	352,161	23,651	295,637	25,747	321,832
Past due items	1,779	22,244	2,201	27,509	202	2,528
Covered bonds	11,719	146,493	9,170	114,622	9,650	120,620
Share exposures	2,355	29,442	2,060	25,751	2,173	27,159
Other items	4,502	56,270	3,768	47,099	1,316	16,450
Total according to the standardized method	93,268	1,165,852	108,401	1,355,008	76,566	957,076
Operational risk	112,951	1,411,890	105,638	1,320,477	112,951	1,411,890
Credit valuation adjustment (CVA)	3,050	38,131	968	12,101	1,507	18,840
Total minimum capital requirement and risk-weighted exposure amount	1,569,760	19,622,006	1,396,154	17,451,927	1,466,012	18,325,156

Note 13 Capital and buffer requirements

	30/06/2018			30/06/2017			31/12/2017		
	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	Common equity tier 1 capital requirement	Tier 1 capital requirement	Total capital base requirement
	Percent								
Minimum capital requirement	4.5	6.0	8.0	4.5	6.0	8.0	4.5	6.0	8.0
Capital conservation buffer	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Countercyclical capital buffer	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total	9.0	10.5	12.5	9.0	10.5	12.5	9.0	10.5	12.5
Amounts in SEK thousand									
Minimum capital requirement	882,990	1,177,320	1,569,760	785,337	1,047,116	1,396,154	824,632	1,099,509	1,466,012
Capital conservation buffer	490,550	490,550	490,550	436,298	436,298	436,298	458,129	458,129	458,129
Countercyclical capital buffer	392,440	392,440	392,440	349,039	349,039	349,039	366,503	366,503	366,503
Total capital requirement	1,765,981	2,060,311	2,452,751	1,570,673	1,832,452	2,181,491	1,649,264	1,924,141	2,290,644

Note 14 Leverage ratio

	Amounts in SEK thousand		
	30/06/2018	30/06/2017	31/12/2017
Core capital	3,450,889	3,486,113	3,781,226
Exposure measurement	43,688,645	38,540,299	40,412,184
Leverage ratio, %	7.90	9.05	9.36

Note 15 Carrying amount by category of financial instrument and information about fair value

Methods for determining fair value

The financial instruments measured at fair value by the bank in the balance sheet are derivative instruments and eligible treasury bills, other eligible securities, bonds and other interest-bearing securities that are classified according to IFRS 13 Fair Value Measurement. Since 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. Only observable market data is used for discounting (Level 2). Eligible treasury bills, other eligible securities, bonds and other interest-bearing securities are considered to have prices on an active market (Level 1). "Active market" indicates that listed prices for financial instruments are easily and regularly available on a stock exchange, with a dealer or broker, or via other companies that provide price information. The price must represent actual and regularly occurring transactions based on the buying rate on the balance sheet date, without any adjustment or supplement for transaction costs at the time of acquisition. There have been no transfers between levels during the year.

Other categories of financial instruments belong to Level 3.

Disclosures about fair value of lending to the public have been calculated by discounting contractual cash flows using discount rates based on a current spread of loans. Disclosures about fair value of liabilities to credit institutions, securities issued, and subordinated liabilities have been calculated using estimated, current spreads of borrowings.

The financial assets classified as investments held to maturity are valued on the balance sheet at their amortized cost. Investments held to maturity have been market-valued in accordance with quoted prices on an active market; no eligible treasury bills, bonds and other interest-bearing securities are included here. For other financial assets and liabilities, the carrying amount is a good approximation of fair value due to a short remaining term.

Assets, Jan-Jun 2018	Amounts in SEK thousand				
	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Eligible treasury bills etc.	1,372,876	-	-	1,372,876	1,373,667
Lending to credit institutions	-	1,660,008	-	1,660,008	1,660,008
Lending to the public	-	17,172,060	-	17,172,060	17,228,338
Bonds and other interest-bearing securities	1,466,628	700,329	-	2,166,957	2,166,419
Other assets	-	-	927,280	927,280	927,280
Prepayments and accrued income	-	-	91,090	91,090	91,090
Total	2,839,504	19,532,397	1,018,370	23,390,271	23,446,802
Liabilities, Jan-Jun 2018	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Liabilities to credit institutions	-	2,107,682	-	2,107,682	2,116,667
Deposits and borrowing from the public	-	17,191,038	-	17,191,038	17,191,963
Securities issued	17,300,176	-	-	17,300,176	17,186,629
Other liabilities	-	1,152,733	-	1,152,733	1,152,733
Accruals and deferred income	-	-	1,423,193	1,423,193	1,423,193
Total	17,300,176	20,451,453	1,423,193	39,174,822	39,071,185
Assets, Jan-Jun 2017	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Eligible treasury bills etc.	1,131,760	-	-	1,131,760	1,131,760
Lending to credit institutions	-	1,266,786	-	1,266,786	1,266,786
Lending to the public	-	15,870,457	-	15,870,457	15,908,380
Bonds and other interest-bearing securities	1,147,365	675,191	-	1,822,556	1,822,530
Other assets	-	-	757,290	757,290	757,290
Prepayments and accrued income	-	-	75,576	75,576	75,576
Total	2,279,125	17,812,434	832,866	20,924,425	20,962,322
Liabilities, Jan-Jun 2017	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Liabilities to credit institutions	-	1,647,879	-	1,647,879	1,650,000
Deposits and borrowing from the public	-	15,390,787	-	15,390,787	15,390,787
Securities issued	14,852,485	-	-	14,852,485	14,773,426
Other liabilities	-	932,141	-	932,141	932,141
Accruals and deferred income	-	-	1,257,165	1,257,165	1,257,165
Total	14,852,485	17,970,807	1,257,165	34,080,458	34,003,519

Fair value assets and liabilities by category

Assets

Amounts in SEK thousand					
30/06/2018	Financial assets measured at amortised cost	Derivatives in hedge accounting	Other assets	Total	Fair value
Eligible treasury bills etc.	1,373,667	-	-	1,373,667	1,372,876
Lending to credit institutions	1,660,008	-	-	1,660,008	1,660,008
Lending to the public	17,228,338	-	-	17,228,338	17,172,060
Bonds and other interest-bearing securities	2,166,419	-	-	2,166,419	2,166,957
Shares and participations in associates and other companies	-	-	22,701	22,701	-
Shares and participations in Group companies	-	-	6,742	6,742	-
Intangible non-current assets	-	-	21,847	21,847	-
Property, plant, and equipment, inventory	-	-	2,582	2,582	-
Property, plant, and equipment, lease items	-	-	20,462,514	20,462,514	-
Other assets	683,481	30,024	213,775	927,280	927,280
Prepayments and accrued income	91,090	-	-	91,090	91,090
Total assets	23,203,003	30,024	20,730,161	43,963,188	

Liabilities

30/06/2018	Non-financial liabilities	Derivatives in hedge accounting	Other financial liabilities	Total	Fair value
Liabilities to credit institutions	-	-	2,116,667	2,116,667	2,107,682
Deposits and borrowing from the public	-	-	17,191,963	17,191,963	17,191,038
Securities issued	-	-	17,186,629	17,186,629	17,300,176
Other liabilities	397,983	-	754,750	1,152,733	1,152,733
Accruals and deferred income	1,353,180	-	70,013	1,423,193	1,423,193
Total liabilities	1,751,163	0	37,320,022	39,071,185	

Assets

Amounts in SEK thousand							
30/06/2017	Loan and trade receivables	FVO *	Investments held to maturity	Derivatives in hedge accounting	Other assets	Total	Fair value
Eligible treasury bills etc.	-	1,131,760	-	-	-	1,131,760	1,131,760
Lending to credit institutions	1,266,786	-	-	-	-	1,266,786	1,266,786
Lending to the public	15,908,380	-	-	-	-	15,908,380	15,870,457
Bonds and other interest-bearing securities	-	1,147,365	675,165	-	-	1,822,530	1,822,556
Shares and participations in associates and other companies	-	-	-	-	19,009	19,009	-
Shares and participations in Group companies	-	-	-	-	6,742	6,742	-
Intangible non-current assets	-	-	-	-	17,728	17,728	-
Property, plant, and equipment, inventory	-	-	-	-	2,064	2,064	-
Property, plant, and equipment, lease items	-	-	-	-	17,575,583	17,575,583	-
Other assets	510,541	45	-	16,886	229,818	757,290	757,290
Prepayments and accrued income	75,576	-	-	-	-	75,576	75,576
Total assets	17,761,283	2,279,170	675,165	16,886	17,850,944	38,583,448	

Liabilities

30/06/2017	FVO **	Non-financial liabilities	Derivatives in hedge accounting	Other financial liabilities	Total	Fair value
Liabilities to credit institutions	-	-	-	1,650,000	1,650,000	1,647,879
Deposits and borrowing from the public	-	-	-	15,390,787	15,390,787	15,390,787
Securities issued	-	-	-	14,773,426	14,773,426	14,852,485
Other liabilities	142	316,848	880	614,271	932,141	932,141
Accruals and deferred income	-	1,204,681	-	52,484	1,257,165	1,257,165
Total liabilities	142	1,521,529	880	32,480,968	34,003,519	

* Financial assets at fair value through the income statement.

** Financial liabilities at fair value through the income statement.

Note 16 Related parties

50% of the bank is owned by each of the Swedish Volvo dealers, via their holding companies AB Volverkinvest and Volvo Personvagnar AB. Both companies are classified as other related companies.

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

	Amounts in SEK thousand					
	Group companies		Associates		Other related companies	
	30/06/2018	30/06/2017	30/06/2018	30/06/2017	30/06/2018	30/06/2017
Balance sheet						
Assets	6,742	6,742	56,709	207,091	1,115,821	865,542
Liabilities	6,789	6,789	187,573	155,073	519,546	119,299
Income statement						
Interest income	-	-	398	1,909	3	7
Lease income	-	-	-	-	156,577	129,144
Interest expenses	-	-	-15	-4	-8	-7
Commission income	-	-	403	359	-	-
Other operating income	-	-	-	-	953	998
Total	-	-	787	2,264	157,525	130,141

Note 17 Pledged assets and contingent liabilities

	Amounts in SEK thousand		
	30/06/2018	30/06/2017	31/12/2017
Pledged assets	-	-	-
Contingent liabilities	44,108	-	37,164

Following a VAT adjustment for the 2015 financial year, the Swedish Tax Agency on 13 February 2018 submitted a proposal to reduce the bank's deductions for input VAT by SEK 14.2 million and to charge a tax surcharge of SEK 2.1 million. The bank will appeal this. If the bank does not win its appeal, the Swedish Tax Agency's decision will result in an annual reduction of the input VAT from 2016 onwards. The estimated effect from and including 2015 up to and including the balance sheet date is included in the amount above under the item contingent liabilities.

Note 18 Events after the end of the period

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

VOLVOFINANS BANK

Volvofinans Bank AB (publ) • Corporate ID no. 556069-0967
Bohusgatan 15 • Box 198 • SE-401 23 Göteborg Sweden
Tel: +46 (0)31-83 88 00 • volvofinans.se