

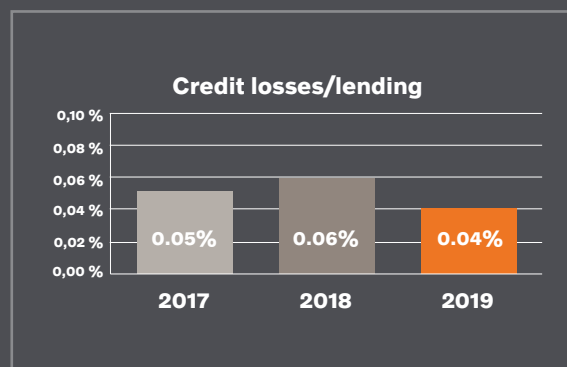
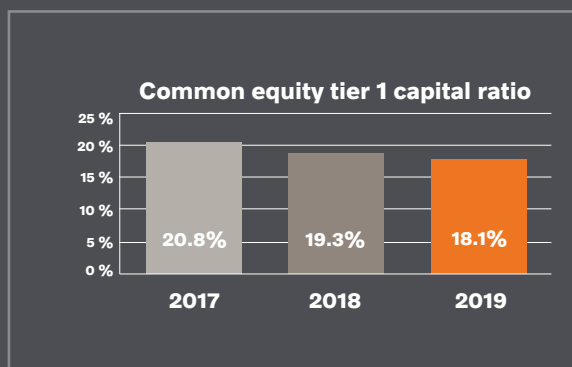
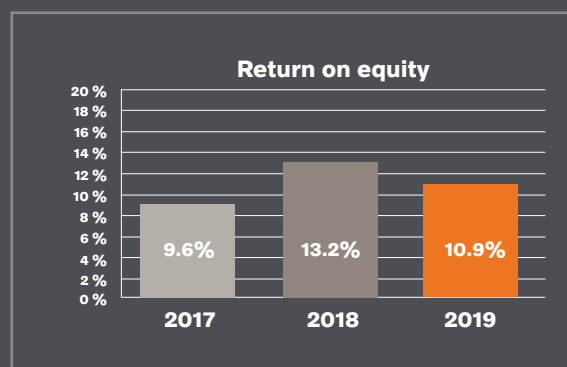
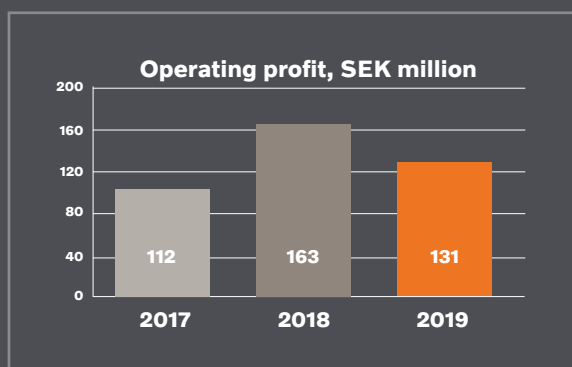
A silver Volvo SUV is parked on a city street. A woman in a black outfit and a large brown bag is walking past the car. The background features a building with classical architectural details and a modern building to the left. The scene is brightly lit, suggesting a sunny day.

INTERIM REPORT  
1 JANUARY - 31 MARCH  
**2019**

**VOLVOFINANS BANK**

# SUMMARY

## JANUARY - MARCH 2019



# INTRODUCTION AND FINANCIAL STATEMENTS

A white Volvo XC60 is shown from the rear, driving on a paved road that curves through a lush, green forest. In the background, a large, rugged mountain rises under a clear sky. The car's license plate is visible and reads 'MLB 04'. The overall scene is serene and scenic, typical of a mountainous region.

**JAN–MAR 2019**

Operating profit:  
**SEK 131 million (163)**

Return on equity:  
**10.9 % (13.2)**

Lending as at 31 December:  
**SEK 37.3 billion (36.0)**

Net credit losses:  
**SEK 3.9 million (5.3)**

Common equity tier 1 capital ratio:  
**18.1 % (19.3)**

**A**fter the first quarter 2019, operating profit reaches SEK 131 million. The profit is lower than previous year's first quarter (163), although after adjusting for last year's one-time item, the reversal of a residual value risk of SEK 45.8 million, the profit has rather increased with 11 % or SEK 13.5 million.

Volvofinans Bank's result is strong, even in this slightly slower Swedish economy. During Q1 total registrations for new passenger cars have decreased with 15 % to approximately 74,000 cars. When comparing, we shall take into account last year's massive sales volume due to bonus malus, where 64 % of all new registrations fell through during the first half of the year. The number of registrations for the whole year is predicted at 330,000, still holding up a strong market historically seen. Regarding Trucks, not affected by the new taxation, heavy trucks (>16 tons) has increased with nearly 16 % in March. Overall, the markets bring a stable business environment and a decent market situation for Volvofinans Bank.

Within all three segments, Cars, Fleet and Trucks, the earnings keep developing favorable. With high quality for financing and administration in Fleet, the bank has since December 2018 been market leading with great increase in revenue. The businesses constituting pure sales financing, Cars and Trucks, both deliver profits in line with last year. All three segments are charged with higher costs, mainly originating from IT-investments and business developments. These investments will accelerate during the year, to create an even better resistance and competitiveness against new and well-established financial players in the market. The new services of the bank, packaged under the name CarPay will be even more integrated in our ecosystem during the year. Particularly in the area Payments, which is a strategic area of growth, we will bring forth new functions highly integrated in our core systems.

Volvofinans Bank is characterised by its solid balance sheet and a certain financial strength, also supported by the rating institute Moody's, who in February confirmed our rating A3. In Q1, the bank has gained additional trust from a couple of thousand new savings customers, who together with all savings customers are financing a generous part of the bank's activity.

After a good start in 2019 we are humbly looking forward to the rest of the year!



**"A strong result in a slightly slower Swedish economy"**

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 7 May 2019.

**Conny Bergström**  
CEO  
Volvofinans Bank AB

# 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 37.3 billion compared to SEK 36.0 billion previous year. Trucks share of lending amounted to SEK 3.2 billion (3.1), equivalent to 9 % (9) of total lending. Fleet's share of lending is SEK 7.1 billion (6.5) or 20 % (18) and Volvo card's is 5 % (5) or SEK 1.8 billion (1.7). Remaining share, SEK 25.2 billion (24.7) belonging to Cars, corresponds to 68 % (69) 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 after credit losses amount to SEK 131.0 million (163.3), a decrease with 20 %. The decrease compared to last year is explained by a reversal of a previously made residual value impairment during Q1 2018, see further information in the section on residual value risk.

### Credit risk and credit losses

Since each respective Volvo dealer bear the credit risk for each mediated agreement, the credit risk for Volvofinans Bank is very low. Problem credits are defined as those more than 90 days overdue or defaulted for other reasons. Volvofinans Bank's problem credits for credit card receivables amounts to SEK 13.2 million (13.5) and for loans and leasing SEK 175.4 million (183.0).

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 173.7 million (174.4) as per balance sheet day. Loans with deferral or renegotiated terms amount to SEK 17.3 million (10.2). Confirmed customer losses during the year 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. As at 31 March 2019 the bank reported impairment losses of SEK 71.6 mnkr (82.5), 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 year, the bank has made a reversal of SEK 2.3 million (50.2) of a previously made impairment due to residual value risk. The majority, SEK 45.8 million, of last year's 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 with SEK 2.9 billion during Q1 2019 with the total savings account balance amounting to SEK 19.6 billion (15.3) at quarter-end. Total deposits including the credit balance for the Volvo Card and deposits from Volvo dealerships amounted to SEK 21.1 billion (16.4) and accounted for 56 % (48) of the bank's financing.

Due to high deposits to the bank's savings account during the first quarter, no market-financing has been performed. External funding through the bank's market loan programs amounted to a nominal SEK 14.7 billion (15.9) per 31 March 2019.

In addition to market borrowing and deposits, the bank also financed its activities through bank credit, which amounted to SEK 2.0 billion (2.1). The proportion of financing with a remaining term of more than one year from market loans programmes and the banking sector was 77 % (79).

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 7.2 billion (5.3). The securities portfolio amounted to SEK 3.8 billion (53 %) and non-fixed deposits at other banks to SEK 3.4 billion (47 %). The size of Volvofinans Bank's liquidity reserve must always be at least 10 % in relation to lending volume. At quarter-end, total lending amounted to 37.3 billion, meaning that the size of the liquidity reserve was equivalent to 19.3 % (14.7). In addition to the liquidity reserve, available and unutilised loan facilities amounted to SEK 4.3 billion (4.3).

Volvofinans Bank's liquidity coverage ratio (LCR), according to article 415 in CRR (EU Capital Requirements Regulation), amounted at the end of Q4 to 341 % (271). The Net Stable Funding Ratio (NSFR), according to Volvofinans Bank's interpretation of the Basel Committee's recommendation (BCBS295) was 147 % (147).

## 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. During the first half of 2018, the bank has enhanced the efficiency of its capital base through the issuing of a SEK 400 million-subordinated loan and thereafter issued an additional dividend of the corresponding amount. As of Q1 the common equity tier 1 capital ratio reached 18.1 % (19.3) and the leverage ratio amounted to 8.1 % (8.8).

As of June 2018 the bank accounts for interim results when calculating for common equity tier 1 capital. 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, started from reporting in June 2018.

Disclosures are presented in accordance with the Swedish Financial Supervisory Authority's (SFSA) FFFS 2014:12, FFFS 2010:7 and FFFS 2014:21 for disclosure requirements.

## 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 "Om Oss/Investerarrelationer/Rating".

#### Calendar

12 June 2019	Annual general meeting
23 August 2019	Interim Report January-June
7 November 2019	Interim Report January-September

#### Certificate

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 7 May 2019

Conny Bergström  
CEO

The report will be available on our website: [volvofinans.se](http://volvofinans.se), under the heading "Om Oss/Investerarrelationer/Finansiella rapporter".

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.



## KPI

	31/03/2019	31/03/2018	31/12/2018
Return on equity, %	10.90	13.19	10.15
Risk capital / Balance sheet total, %	11.32	12.33	11.67
Deposits / Lending, %	56.62	45.55	48.87
Operating profit / Risk-weighted assets, %	2.59	3.43	2.53
Total capital ratio, %	20.03	21.40	20.08
Common equity tier 1 capital ratio, %	18.05	19.31	18.06
Cost/income ratio	0.48	0.25	0.47
Cost/income ratio excl. residual value provision	0.49	0.48	0.53
Credit losses / Lending, %	0.04	0.06	0.03
Liquidity coverage ratio (LCR), %	341	271	333
NSFR (Net Stable Funding Ratio), %	147	147	145
Leverage ratio, %	8.1	8.8	8.3

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

## Income statement, overview

	Amounts in SEK thousand			
	2019 Q1	2018 Q4	2018 Q1	2018 Jan-Dec
Interest income	133,727	121,909	115,227	482,494
Lease income	1,402,836	1,374,397	1,266,970	5,318,171
Interest expense	-82,713	-65,599	-56,940	-256,698
<b>Net interest, Note 5</b>	<b>1,453,850</b>	<b>1,430,707</b>	<b>1,325,257</b>	<b>5,543,967</b>
Dividend received, Note 6	13	44	-	16,352
Commission income	102,304	104,888	91,350	390,839
Commission expense	-7,133	-10,207	-7,405	-43,915
Net result of financial transactions	-163	565	-77	-563
Other operating income, Note 7	17,550	13,460	10,220	51,724
<b>Total operating income</b>	<b>1,566,421</b>	<b>1,539,457</b>	<b>1,419,345</b>	<b>5,958,404</b>
General administration expenses	-109,100	-106,442	-94,834	-389,147
Depreciation, amortisation, and impairment of property, plant, and equipment and intangible non-current assets, Note 5	-1,304,555	-1,298,741	-1,144,748	-4,941,822
Other operating expenses, Note 17	-17,774	-33,800	-11,247	-112,727
<b>Total operating expenses</b>	<b>-1,431,429</b>	<b>-1,438,983</b>	<b>-1,250,829</b>	<b>-5,443,696</b>
<b>Profit before credit losses</b>	<b>134,992</b>	<b>100,474</b>	<b>168,516</b>	<b>514,708</b>
Credit losses, net, Note 8	-3,894	-4,009	-5,333	-13,185
Impairment of financial intangible assets, net	-131	115	118	276
<b>Operating profit</b>	<b>130,967</b>	<b>96,580</b>	<b>163,301</b>	<b>501,799</b>
Appropriations	-	-498,479	-	-498,479
Tax	-28,027	83,397	-35,927	-3,320
<b>Profit</b>	<b>102,940</b>	<b>-318,502</b>	<b>127,374</b>	<b>-</b>

## Balance sheet highlights

	Amounts in SEK thousand		
	31/03/2019	31/03/2018	31/12/2018
Eligible treasury bills etc.	1,312,328	1,432,041	1,245,816
Lending to credit institutions	3,364,265	2,033,876	1,622,571
Lending to the public	16,836,424	16,634,297	16,922,760
Bonds and other interest-bearing securities	2,491,288	1,805,769	2,231,967
Shares and participations in associates and other companies	23,777	20,417	23,777
Shares and participations in Group companies	6,742	6,742	6,742
Intangible non-current assets	24,482	19,158	21,545
Property, plant, and equipment, inventory	6,744	2,209	6,488
Property, plant, and equipment, lease items	20,438,519	19,320,522	20,357,024
Other assets *	793,393	715,080	887,128
Prepayments and accrued income	116,275	106,167	50,743
<b>Total assets, Note 15</b>	<b>45,414,237</b>	<b>42,096,278</b>	<b>43,376,561</b>
Liabilities to credit institutions	1,966,667	2,133,333	2,083,333
Deposits and borrowing from the public	21,106,021	16,378,607	18,218,366
Securities issued	14,707,931	15,882,629	15,532,399
Other liabilities *	981,937	1,083,007	1,079,373
Accruals and deferred income	1,388,635	1,350,217	1,302,984
Subordinated liabilities	400,000	400,000	400,000
<b>Total liabilities, Note 15</b>	<b>40,551,191</b>	<b>37,227,793</b>	<b>38,616,455</b>
Untaxed reserves	4,128,190	3,629,711	4,128,190
<b>Equity</b>	<b>734,856</b>	<b>1,238,774</b>	<b>631,916</b>
<b>Total liability and equity</b>	<b>45,414,237</b>	<b>42,096,278</b>	<b>43,376,561</b>
* Of which derivative instruments with positive and negative market value			
Derivative instruments with positive market value	10,188	12,021	12,999
Derivative instruments with negative market value	-5,088	-428	-37,196

## Change in equity

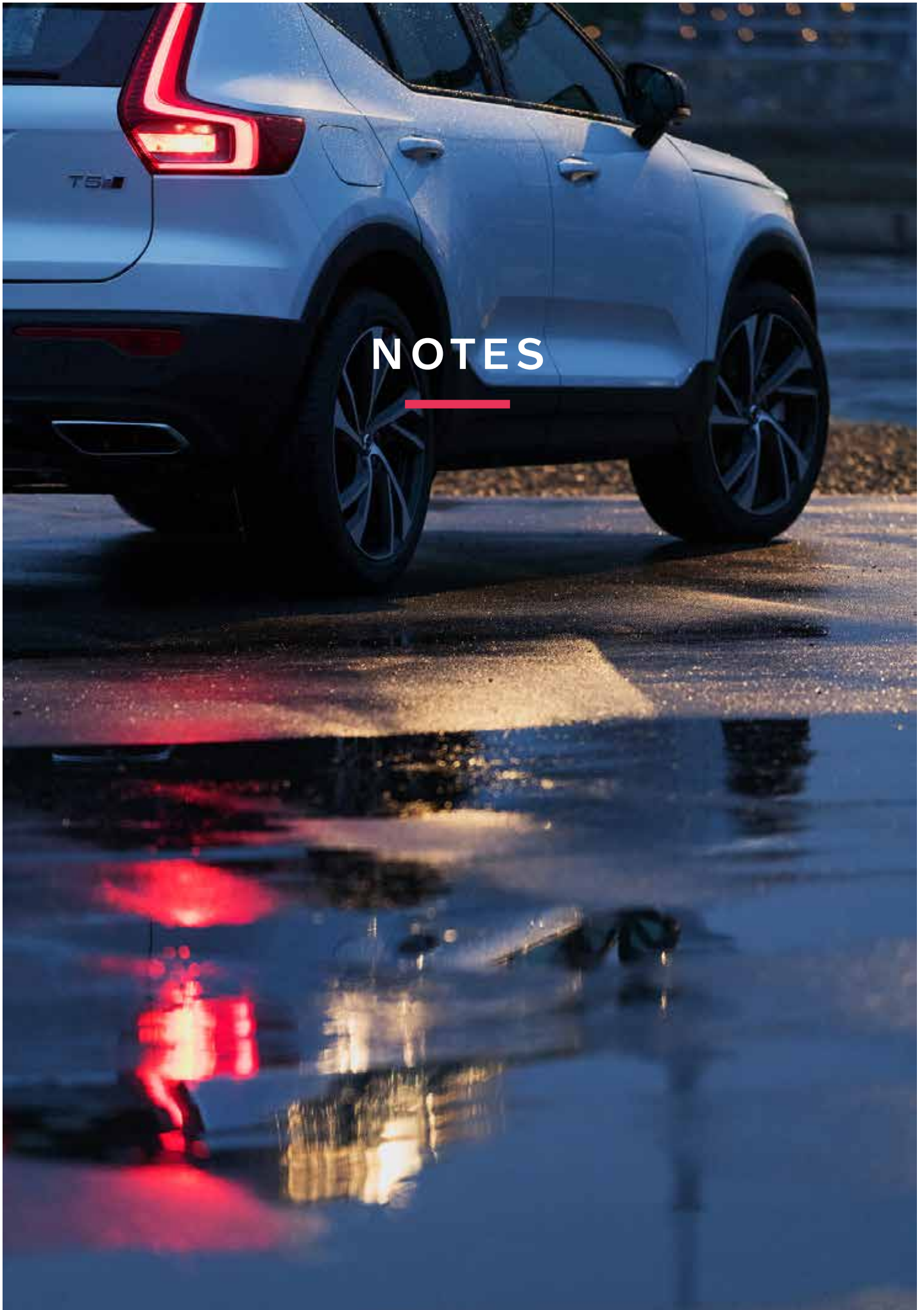
	Amounts in SEK thousand				
	Share capital	Restricted equity		Unrestricted equity	Total equity
	Share capital	Statutory reserve fund	Development fund	Retained earnings	Total equity
<b>Opening equity, 1 January 2018</b>	<b>400,000</b>	<b>20,000</b>	<b>16,089</b>	<b>676,424</b>	<b>1,112,513</b>
IFRS 9, reclassification securities	-	-	-	1,500	1,500
IFRS 9, credit risk reserve	-	-	-	-2,613	-2,613
<b>Adjusted opening balance, 1 January 2018</b>	<b>400,000</b>	<b>20,000</b>	<b>16,089</b>	<b>675,311</b>	<b>1,111,400</b>
Profit for the period after tax	-	-	-	127,374	127,374
Transfer self-generated development costs	-	-	3,207	-3,207	0
<b>Total before transactions with shareholders</b>	<b>400,000</b>	<b>20,000</b>	<b>19,296</b>	<b>799,478</b>	<b>1,238,774</b>
Dividends	-	-	-	-	-
<b>Closing equity, 31 March 2018</b>	<b>400,000</b>	<b>20,000</b>	<b>19,296</b>	<b>799,478</b>	<b>1,238,774</b>
	Share capital	Statutory reserve fund	Development fund	Retained earnings	Total equity
<b>Opening equity 1 January 2018</b>	<b>400,000</b>	<b>20,000</b>	<b>16,089</b>	<b>676,424</b>	<b>1,112,513</b>
IFRS 9, reclassification securities	-	-	-	1,500	1,500
IFRS 9, credit risk reserve	-	-	-	-2,613	-2,613
<b>Adjusted opening balance, 1 January 2018</b>	<b>400,000</b>	<b>20,000</b>	<b>16,089</b>	<b>675,311</b>	<b>1,111,400</b>
Profit for the year after tax	-	-	-	-	-
Transfer self-generated development costs	-	-	5,133	-5,133	-
<b>Total before transactions with shareholders</b>	<b>400,000</b>	<b>20,000</b>	<b>21,222</b>	<b>670,178</b>	<b>1,111,400</b>
Dividends	-	-	-	-479,484	-479,484
<b>Closing equity, 31 December 2018</b>	<b>400,000</b>	<b>20,000</b>	<b>21,222</b>	<b>190,694</b>	<b>631,916</b>
	Share capital	Statutory reserve fund	Development fund	Retained earnings	Total equity
<b>Opening equity, 1 January 2019</b>	<b>400,000</b>	<b>20,000</b>	<b>21,222</b>	<b>190,694</b>	<b>631,916</b>
Profit for the period after tax	-	-	-	102,940	102,940
Transfer self-generated development costs	-	-	3,076	-3,076	-
<b>Total before transactions with shareholders</b>	<b>400,000</b>	<b>20,000</b>	<b>24,298</b>	<b>290,558</b>	<b>734,856</b>
Dividends	-	-	-	-	-
<b>Closing equity, 31 March 2019</b>	<b>400,000</b>	<b>20,000</b>	<b>24,298</b>	<b>290,558</b>	<b>734,856</b>



## Cash flow statement

	Amounts in SEK thousand		
	2019 Jan-Mar	2018 Jan-Mar	2018 Jan-Dec
<b>Operating activities</b>			
Operating profit	130,967	163,301	501,799
<b>Adjustment of items not included in cash flow</b>			
Unrealised portion of net profit from financial transactions	324	-77	-563
Depreciation, amortisation, and impairment	1,304,555	1,146,114	4,947,844
Credit losses	3,117	-5,037	11,884
Paid/refunded (-/+ ) tax	-32,609	14,904	-1,236
<b>Changes to the operating activities' assets and liabilities</b>			
Eligible treasury bills etc.	-66,512	808	187,032
Lending to the public	83,233	-143,928	-449,362
Bonds and other interest-bearing securities	-259,321	76,892	-349,306
Deposits and borrowing from the public	2,887,655	364,702	2,204,461
Liabilities to credit institutions	-116,666	-16,667	-66,667
Other assets	32,771	-3,070	-70,897
Securities issued	-824,468	274,747	-75,484
Other liabilities	-12,110	297,852	247,470
<b>Cash flow from operating activities</b>	<b>3,130,936</b>	<b>2,170,540</b>	<b>7,086,977</b>
<b>Investing activities</b>			
Capitalised development expenditure	-3,957	-2,296	-22,044
Investments in shares and participations	0	-	-3,361
Sale of property, plant and equipment	1,171,319	1,025,957	3,899,084
Acquisition of property, plant, and equipment	-2,556,605	-2,860,997	-10,559,274
<b>Cash flow from investing activities</b>	<b>-1,389,242</b>	<b>-1,837,336</b>	<b>-6,685,594</b>
<b>Financing activities</b>			
Subordinated liabilities	-	400,000	400,000
Dividend paid	-	-	-479,484
<b>Cash flow from financing activities</b>	<b>-</b>	<b>400,000</b>	<b>-79,484</b>
<b>Cash flow for the period</b>			
Cash and cash equivalents at the beginning of the period	1,622,571	1,300,672	1,300,672
Cash flows from operating activities	3,130,936	2,170,540	7,086,977
Cash flows from investing activities	-1,389,242	-1,837,336	-6,685,594
Cash flows from financing activities	-	400,000	-79,484
<b>Cash and cash equivalent at the end of the period</b>	<b>3,364,265</b>	<b>2,033,876</b>	<b>1,622,571</b>





# NOTES

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**NOTE 1. ACCOUNTING POLICIES**

The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. 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).

No changes in the bank's accounting policies that are described in the 2018 annual report have taken place.

**IFRS 16 LEASES**

IFRS 16 is a new standard for leases which entered into force on 1 January 2019. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The accounting requirements for lessors is substantially carried forward from IAS 17, accordingly, a lessor continues to classify its leases as operating leases or finance leases. The standard mainly impacts lessees and their accounting for leases. As lessor, the bank continues to classify its leases as operational and the assets are listed in the balance sheet. The bank applies the rule in RFR 2 and reports all leasing as operational, even in those few cases where the bank is the lessee. The adoption of IFRS 16 has not substantially affected the bank's financial position, profit or cash flow.

Further, the bank's interim report is established in accordance with the same accounting policies and methods for calculation as those applied in the Annual Report 2018.

**FUTURE REGULATORY CHANGES****Other changes in IFRS**

None of the other planned changes in the accounting policies that are issued for enforcement are deemed to have any material impact on Volvofinans' financial reports, capital adequacy or large exposures.

## **NOTE 2. ASSESSMENTS AND ESTIMATES IN THE 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

The business area Cars is formed by two businesses; Financial sales and Cards/Payments, both addressed to consumers and smaller companies. Within Financial sales, cars displayed at the Swedish Volvo dealers are financed via loan or leasing, often in package solutions containing insurance, credit card and service agreements. Within Cards/Payments the offering consists of card payment and digital payment solutions in CarPay. The bank provides smooth payments to cover all needs related to the use of cars, but also everywhere VISA is accepted where the transactions generates bonus checks in the bank's loyalty program.

The market for new cars has been strong during several years and 2018 was the third best year in the history. The first quarter 2019 has not started off quite as strong with 74,000 registered passenger cars, 15 % less than Q1 2018. New Volvo-, Renault- and Dacia-registrations reach 17,196 cars, equivalent to 23.2 % market share, in which vehicle financing via Volvofinans is still stable. Accumulated over the last year there is an increase in volume with 2,731 loan and leasing contracts. Within Cards/Payments, the provision income increases both for card payments, 7 %, and card credits, SEK 100 million compared to last year. During Q1 2019 more than 273,000 unique customers has logged in over 2.5 million times in CarPay, and the trend is continued positive concerning the bank's client activities. The number of clients has increased with 21,000 CarPay-clients during the first quarter. The usage of mobile payments in CarPay continue to increase in the Volvo dealers service shops and from Q1 2019 it is also possible for the bank's clients to pay with CarPay at Tanka. During March, the concept "Köpkraft direkt" was launched. New clients downloading CarPay instantly gives the opportunity to pay with CarPay at service shops and at Tanka. More digital initiatives is launched continuously. The higher costs for the segment is mainly explained by a raise in IT-investments.

	Amounts in SEK thousand		
	2019 Jan-Mar	2018 Jan-Mar	Change
Net interest *	126,728	114,943	11,785
Dividend	13		13
Commission income	64,039	62,470	1,569
Commission expenses	-6,928	-7,225	297
Net result of financial transactions	-110	-74	-36
Other income	3,556	1,805	1,751
<b>Operating income</b>	<b>187,298</b>	<b>171,919</b>	<b>15,379</b>
Expenses **	-94,924	-80,114	-14,810
Credit losses	-3,460	-2,880	-580
Credit provision	-539	-1,858	1,319
<b>Operating profit</b>	<b>88,375</b>	<b>87,067</b>	<b>1,308</b>

\* 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	31/03/2019	31/03/2018	Change
Number of contracts	207,227	204,496	2,731
Total volume, SEK million	26,456	26,000	456
of which transferred, %	93.3	92.0	1.3
of which pledged, %	6.7	8.0	-1.3
of which loans, %	45.4	45.0	0.4
of which leasing, %	54.6	55.0	-0.4
Private leases as a proportion of total leases, %	26.6	27.2	-0.6

Product information cards	31/03/2019	31/03/2018	Change
Average number of active accounts	410,940	411,345	-405
Total volume, SEK million	1,763	1,663	100
Average number of credit customers	88,703	88,475	228
Total Volvo Card sales, SEK million	3,405	3,178	227
of which fuel, %	39.5	41.3	-1.8
of which workshop, %	13.4	13.0	0.4
of which shop, %	1.6	1.8	-0.2
of which car wash, %	1.6	1.5	0.1
of which sales outside Volvo business, %	30.8	27.9	2.9
of which other (including car loans and insurance), %	13.3	14.4	-1.1

## TRUCKS

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

The demand for trucks remains high and the share of Volvo Trucks is at a solid level. The bank's financing share of new trucks keep increasing and more than every other truck is financed via loan, financial leasing or operational leasing. The financed volume of used vehicles and trailers are also at a high level.

Work is ongoing within product development and marketing of financial offers together with Volvo Trucks and the Volvo Dealers. The development of future service and financial solutions within Fleet Management and more convenient payment solutions are examples of areas where the bank, together with Volvo Trucks, create future conditions for increased customer value. In this area, the unique service eControl, an invoice and cost control service, has been launched. eControl mainly addresses small and mid-sized haulers.

eControl along with a financing solution based on driven kilometers are examples of ongoing developments – all in line to offer Volvo customers a smarter truck economy contributing to the profitability of the haulers.

	Amounts i SEK thousand		
	2019 Jan-Mar	2018 Jan-Mar	Change
Net interest *	10,920	9,276	1,644
Commission income	2,223	2,398	-175
Commission expenses	-54	-45	-9
Net result of financial transactions	-18	0	-18
Other income	83	10	73
<b>Operating income</b>	<b>13,153</b>	<b>11,638</b>	<b>1,515</b>
Expenses **	-8,953	-6,803	-2,150
Credit losses	-70	-108	38
Credit provisions	62	-434	497
<b>Operating profit</b>	<b>4,192</b>	<b>4,294</b>	<b>-102</b>

\* 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	31/03/2018	31/03/2018	Change
Number of contracts	6,679	6,551	128
Total volume, SEK million	4,108	3,898	210
of which transferred, %	77.1	79.2	-2.1
of which pledged, %	22.9	20.8	2.1
of which loans, %	77.1	77.5	-0.4
of which leasing, %	22.9	22.5	0.4
Operating leases as a proportion of total leases, %	27.8	26.0	1.8

Product information cards	31/03/2019	31/03/2018	Change
Average proportion of active Volvo Truck Card accounts	1,492	1,629	-137
Total Volvo Truck Card sales, SEK million	87	97	-10
of which workshop, %	58.9	57.4	1.5
of which shop, %	11.5	12.4	-0.9
of which car wash, %	6.3	5.8	0.5
of which other (including loans and insurance), %	8.7	6.3	2.4
of which fuel, %	14.6	18.1	-3.5

## FLEET

Within the Fleet segment, the bank provide administration and financing to mainly mid-size and large companies, regardless of what car brands customers choose to use. Service and repair agreements and the tyre warranty product are also administered here. The business idea is to simplify for the bank's customers, through a smarter car economy with a challenging competitive car expense for both drivers and companies. From December 2018 Fleet became market leading in Sweden within its segment with 22.5 % of the market share and as at 31 March 2019 the market share was 22.7 %. Increase in stock is continued well-paced and is up by 8 % compared to the same period last year. Primarily, the new agreements have been signed within the category operational leasing.

During the year the bank made a reversal of SEK 2.3 million (50.2) of a previously made impairment due to a residual value risk. The majority, SEK 45.8 million, of last year's reversal is due to signing a new agreement with a buyer for cars in the Fleet-business.

	Amounts in SEK thousand		
	2019 Jan-Mar	2018 Jan-Mar	Change
Net leasing *	10,865	7,614	3,251
Change in residual value impairment	2,312	50,165	-47,853
Commission income	36,042	26,482	9,560
Commission expenses	-150	-134	-16
Net result of financial transactions	-36	-3	-33
Service and repair agreements	13,703	8,314	5,389
Other income	209	92	117
<b>Operating income</b>	<b>62,945</b>	<b>92,530</b>	<b>-29,585</b>
Expenses **	-24,525	-20,655	-3,870
Credit losses	-	-	-
Credit provisions	-19	65	-84
<b>Operating profit</b>	<b>38,401</b>	<b>71,940</b>	<b>-33,539</b>

\* 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	31/03/2019	31/03/2018	Change
Number of financing agreements	34,301	31,611	2,690
Number of administered contracts	46,829	43,269	3,560
Total volume, SEK million	7,123	6,458	664
of which operating leases, %	68.4	68.2	0.2
of which financial leases, %	31.6	31.8	-0.2

## NOTE 4. INFORMATION ON LOAN AND LEASING CONTRACTS

31/03/2019	Loan	Leasing	Total
Number of contracts	129,366	126,348	255,714
Average contracts, SEK thousand	118	176	147
Collateral value, SEK million	15,297	22,286	37,582
Credit utilized, SEK million	14,774	20,270	35,044
Loan-to-value ratio	97	91	93

31/03/2018	Loan	Leasing	Total
Number of contracts	127,013	119,956	246,969
Average contracts, SEK thousand	115	173	143
Collateral value, SEK million	14,606	20,719	35,325
Credit utilized, SEK million	14,174	18,271	32,445
Loan-to-value ratio	97	88	92

## NOTE 5. LEASE INCOME AND ACCUMULATED NET INTEREST

	Amounts in SEK thousand			
	2019 Q1	2018 Q4	2018 Q1	2018 Jan-Dec
Income from operating and finance leases	1,402,836	1,374,397	1,266,970	5,318,171
Depreciation, lease items	-1,305,333	-1,287,687	-1,193,312	-4,987,011
Impairment, lease items	-5	-9	-110	-86
Change in residual value provision, lease items	2,312	-2,017	50,165	58,787
<b>Net leasing</b>	<b>99,810</b>	<b>84,685</b>	<b>123,712</b>	<b>389,861</b>
Interest income	133,727	121,910	115,227	482,494
Interest expenses	-82,713	-65,599	-56,940	-256,698
<b>Net interest</b>	<b>51,014</b>	<b>56,310</b>	<b>58,287</b>	<b>225,796</b>
<b>Accumulated net interest</b>	<b>150,825</b>	<b>140,995</b>	<b>181,999</b>	<b>615,656</b>

## NOTE 6. DIVIDEND RECEIVED

	2019 Jan-Mar	2018 Jan-Mar	2018 Jan-Dec
Cash dividend from Visa Sweden förening ek. för.	13	-	14,068
Convertible preference shares Visa Inc	-	-	2,284
<b>Total</b>	<b>13</b>	<b>-</b>	<b>16,352</b>

The dividend during 2018 originate partly from 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 was 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 consisted 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		
	2019 Jan-Mar	2018 Jan-Mar	2018 Jan-Dec
Capital gain on sale of property, plant and equipment	298	72	630
Service and repair agreements *	13,703	8,313	42,289
Income from associated companies	751	226	1,077
Other operating income	2,798	1,608	7,728
<b>Total</b>	<b>17,550</b>	<b>10,220</b>	<b>51,724</b>



## NOTE 8. NET CREDIT LOSSES

	Amounts in SEK thousand		
	2019 Jan-Mar	2018 Jan-Mar	2018 Jan-Dec
<b>Credit losses, net</b>			
<b>Loans at amortised cost (incl. unutilised part of limit)</b>			
Change in provisions – stage 1	-17	-346	2,121
Change in provisions – stage 2	238	-352	-466
Change in provisions – stage 3	-585	-1,647	552
<b>Total change in reserve</b>	<b>-364</b>	<b>-2,345</b>	<b>2,207</b>
Write-offs for confirmed losses	-4,111	-3,443	-17,567
Received from previous confirmed customer losses	581	455	2,175
<b>Total</b>	<b>-3,530</b>	<b>-2,988</b>	<b>-15,392</b>
<b>Credit losses, net</b>	<b>-3,894</b>	<b>-5,333</b>	<b>-13,185</b>



## NOTE 9. OWN FUNDS

	Amounts in SEK thousand		
	31/03/2019	31/03/2018	31/12/2018
<b>Common equity tier 1 capital</b>			
Equity	610,518	1,031,915	533,312
Share of equity of untaxed reserves	3,244,757	2,831,174	3,244,757
Intangible non-current assets	-24,482	-19,158	-21,545
AVA	-15	-2,551	-50
IRB shortfall	-172,256	-162,438	-177,315
<b>Common equity tier 1 capital</b>	<b>3,658,522</b>	<b>3,678,943</b>	<b>3,579,159</b>
<b>Tier 2 capital</b>			
Fixed-term subordinated loan	400,000	400,000	400,000
<b>Tier 2 capital</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>
<b>Total own funds</b>	<b>4,058,522</b>	<b>4,078,943</b>	<b>3,979,159</b>

## NOTE 10. CAPITAL ADEQUACY

	Amounts in SEK thousand		
	31/03/2019	31/03/2018	31/12/2018
Risk-weighted assets, SEK thousand	20,263,647	19,056,142	19,816,517
CET 1 capital ratio, %	18.05%	19.31%	18.06%
Total capital ratio, %	20.03%	21.40%	20.08%

## NOTE 11. INTERNALLY ASSESSED CAPITAL REQUIREMENT

	Amounts in SEK thousand		
	31/03/2019	31/03/2018	31/12/2018
Credit risk	1,490,611	1,410,700	1,454,643
Operational risk	128,654	112,951	128,654
CVA risk	1,827	840	2,025
<b>Pillar 1 capital requirement</b>	<b>1,621,092</b>	<b>1,524,491</b>	<b>1,585,322</b>
Concentration risk	289,743	282,072	289,104
Strategic risk	81,055	76,225	79,266
Interest rate risk	65,000	65,000	65,000
<b>Pillar 2 capital requirement</b>	<b>435,798</b>	<b>423,296</b>	<b>433,370</b>
Capital conservation buffer	506,591	476,404	495,410
Countercyclical capital buffer	405,273	381,123	396,328
<b>Combined buffer requirement</b>	<b>911,864</b>	<b>857,526</b>	<b>891,738</b>
<b>Capital requirement</b>	<b>2,968,754</b>	<b>2,805,314</b>	<b>2,910,430</b>
<b>Total own funds</b>	<b>4,058,522</b>	<b>4,078,943</b>	<b>3,979,159</b>
<b>Surplus of capital</b>	<b>1,089,768</b>	<b>1,273,629</b>	<b>1,068,729</b>

## NOTE 12. CAPITAL REQUIREMENT AND RISK-WEIGHTED EXPOSURE AMOUNT

	Amounts in SEK thousand					
	31/03/2019		31/03/2018		31/12/2018	
	Capital requirement	Risk-weighted exposure amount	Capital requirement	Risk-weighted exposure amount	Capital requirement	Risk-weighted exposure amount
<b>Credit risk according to IRB</b>						
Corporate exposures	488,306	6,103,831	501,791	6,272,389	495,965	6,199,557
Retail exposures	556,544	6,956,801	547,354	6,841,920	556,739	6,959,233
Non-credit obligation asset exposures	318,457	3,980,708	267,843	3,348,037	313,729	3,921,608
<b>Total according to IRB</b>	<b>1,363,307</b>	<b>17,041,339</b>	<b>1,316,988</b>	<b>16,462,347</b>	<b>1,366,432</b>	<b>17,080,398</b>
<b>Credit risk according to standardised method</b>						
Exposures to public bodies	434	5,423	422	5,281	424	5,300
Institutional exposures	54,922	686,529	33,173	414,667	27,569	344,613
Corporate exposures	18,709	233,868	15,468	193,344	15,550	194,375
Retail exposures	30,358	379,480	26,516	331,445	28,472	355,895
Past due items	195	2,435	1,213	15,165	1,011	12,633
Covered bonds	13,531	169,132	8,835	110,434	11,454	143,171
Share exposures	2,442	30,520	2,173	27,159	2,442	30,520
Other items	6,713	83,912	5,913	73,911	1,291	16,133
<b>Total according to standardised method</b>	<b>127,304</b>	<b>1,591,299</b>	<b>93,712</b>	<b>1,171,406</b>	<b>88,211</b>	<b>1,102,641</b>
Operational risk	128,654	1,608,170	112,951	1,411,890	128,654	1,608,170
Credit valuation adjustment (CVA)	1,827	22,839	840	10,499	2,025	25,308
<b>Total minimum capital and risk-weighted exposure amount</b>	<b>1,621,092</b>	<b>20,263,647</b>	<b>1,524,491</b>	<b>19,056,142</b>	<b>1,585,322</b>	<b>19,816,517</b>

## NOTE 13. CAPITAL AND BUFFER REQUIREMENTS

	31/03/2019			31/03/2018			31/12/2018		
	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
<b>Percent</b>									
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
<b>Total</b>	<b>9.0</b>	<b>10.5</b>	<b>12.5</b>	<b>9.0</b>	<b>10.5</b>	<b>12.5</b>	<b>9.0</b>	<b>10.5</b>	<b>12.5</b>
<b>Amounts in SEK thousand</b>									
Minimum capital requirement	911,864	1,215,819	1,621,092	857,526	1,143,369	1,524,491	891,743	1,188,991	1,585,322
Capital conservation buffer	506,591	506,591	506,591	476,404	476,404	476,404	495,413	495,413	495,413
Countercyclical capital buffer	405,273	405,273	405,273	381,123	381,123	381,123	396,330	396,330	396,330
<b>Total capital requirement</b>	<b>1,823,728</b>	<b>2,127,683</b>	<b>2,532,956</b>	<b>1,715,053</b>	<b>2,000,895</b>	<b>2,382,018</b>	<b>1,783,486</b>	<b>2,080,734</b>	<b>2,477,065</b>

## NOTE 14. LEVERAGE RATIO

	Amounts in SEK thousand		
	31/03/2019	31/03/2018	31/12/2018
Core capital	3,658,522	3,678,943	3,579,159
Exposure measurement	45,128,955	41,755,084	43,215,215
<b>Leverage ratio, %</b>	<b>8.11</b>	<b>8.81</b>	<b>8.28</b>

## NOTE 15. CARRYING AMOUNT BY CATEGORY OF FINANCIAL INSTRUMENTS AND

### INFORMATION ABOUT FAIR VALUE

#### Methods for determining fair value

Derivatives are accounted for under other assets or other liabilities. 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 in accordance with IFRS 13. When discounting, only observable market data is used (Level 2).

Eligible treasury bills, other eligible securities, bonds and other interest bearing securities are, accordingly with IFRS 13 Fair value measurement, valued with prices on an active market (Level 1) as well as with observable market data (Level 2).

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 (Level 2) to determine fair value according to IFRS 13. Disclosures about fair value of liabilities to credit institutions, securities issued, and subordinated liabilities have been calculated using estimated, current spreads of borrowings (Level 2) to determine fair value according to IFRS 13. Other categories of financial instrument belong to Level 3. For these instruments, carrying amount provide a fair approximation of fair value due to short remaining duration.

Fair values are categorised in different levels in a fair value hierarchy based on in-data being used in the valuation-technique accordingly:

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

Level 2: from direct or indirect observable market data not included in level 1. This category include such instrument which value is based on quoted prices on active markets for similar instruments, quoted prices for identical or similar instruments which are traded on non-active markets, or other valuation techniques where all material in-data is direct and indirect observable on the market.

Level 3: from in-data not observable on the market. This category includes all instrumentst where the technique for valuation comprises such in-data not based on observable data and where it has a material impact on valuation.

Assets, Jan - Mar 2019	Amounts in SEK thousand				Total carrying amount
	Level 1	Level 2	Level 3	Total fair value	
Eligible treasury bills etc.	1,311,275	-	-	1,311,275	1,312,328
Lending to credit institutions	-	-	3,364,265	3,364,265	3,364,265
Lending to the public	-	16,838,928	-	16,838,928	16,836,424
Bonds and other interest-bearing securities	1,691,426	799,974	-	2,491,400	2,491,288
Other assets*	-	10,188	783,205	793,393	793,393
Prepayments and accrued income	-	-	116,275	116,275	116,275
<b>Total</b>	<b>3,002,701</b>	<b>17,649,090</b>	<b>4,263,745</b>	<b>24,915,536</b>	<b>24,913,973</b>
Liabilities, Jan - Mar 2019	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Liabilities to credit institutions	-	1,984,457	-	1,984,457	1,966,667
Deposits and borrowing from the public	-	21,105,981	-	21,105,981	21,106,021
Securities issued	-	14,955,343	-	14,955,343	14,707,931
Other liabilities*	-	5,088	976,848	981,936	981,936
Accruals and deferred income	-	-	1,388,635	1,388,635	1,388,635
Subordinated liabilities	-	447,987	-	447,987	400,000
<b>Total</b>	<b>-</b>	<b>38,498,856</b>	<b>2,365,483</b>	<b>40,864,339</b>	<b>40,551,190</b>
Assets, Jan - Mar 2018	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Eligible treasury bills etc.	1,430,782	-	-	1,430,782	1,432,041
Lending to credit institutions	-	-	2,033,876	2,033,876	2,033,876
Lending to the public	-	16,624,199	-	16,624,199	16,634,297
Bonds and other interest-bearing securities	1,106,296	700,323	-	1,806,619	1,805,769
Other assets	-	12,021	703,058	715,080	715,080
Prepayments and accrued income	-	-	106,167	106,167	106,167
<b>Total</b>	<b>2,537,078</b>	<b>17,336,543</b>	<b>2,843,101</b>	<b>22,716,723</b>	<b>22,727,230</b>
Liabilities, Jan - Mar 2018	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Liabilities to credit institutions	-	2,117,061	-	2,117,061	2,133,333
Deposits and borrowing from the public	-	16,377,857	-	16,377,857	16,378,607
Securities issued	-	16,006,335	-	16,006,335	15,882,629
Other liabilities	-	428	1,082,580	1,083,007	1,083,007
Accruals and deferred income	-	-	1,350,217	1,350,217	1,350,217
<b>Total</b>	<b>-</b>	<b>34,501,681</b>	<b>2,432,797</b>	<b>36,934,477</b>	<b>36,827,793</b>

\* Financial instruments measured at fair value in the balance sheet are derivatives.

**Financial instruments being netted in the balance sheet or covered by netting agreements**

Volvofinans Bank enters agreements under International Swaps and Derivatives Association (ISDA) master agreement. In balance sheet no amounts have been netted. For derivative agreements entered after 1 March 2017 Volvofinans Bank receive and provide collateral in the form of deposits, in accordance with standard terms in ISDA Credit Support Annex. Assets for derivative agreements amount to SEK 7.2 million and liabilities to SEK 2.1 million. Collateral received amounts to SEK 8.9 million as per 31 March 2019.



## Fair value assets and liabilities by category

### Assets

	Amounts in SEK thousand				
	Financial as- sets measured at amortised cost	Derivatives in hedge accounting	Other assets	Total	Fair value
<b>31/03/2019</b>					
Eligible treasury bills etc.	1,312,328	-	-	1,312,328	1,311,275
Lending to credit institutions	3,364,265	-	-	3,364,265	3,364,265
Lending to the public	16,836,424	-	-	16,836,424	16,838,928
Bonds and other interest-bearing securities	2,491,288	-	-	2,491,288	2,491,400
Shares and participations in associates and other companies	-	-	23,777	23,777	-
Shares and participations in Group companies	-	-	6,742	6,742	-
Intangible non-current assets	-	-	24,482	24,482	-
Property, plant, and equipment, inventory	-	-	6,744	6,744	-
Property, plant, and equipment, lease items	-	-	20,438,519	20,438,519	-
Other assets	662,175	10,000	121,218	793,393	793,393
Prepayments and accrued income	116,275	-	-	116,275	116,275
<b>Total assets</b>	<b>24,782,755</b>	<b>10,000</b>	<b>20,621,482</b>	<b>45,414,237</b>	

### Skulder

	Non-financial liabilities	Derivatives in hedge accounting	Other financial liabilities	Total	Fair value
<b>31/03/2019</b>					
Liabilities to credit institutions	-	-	1,966,667	1,966,667	1,984,457
Deposits and borrowing from the public	-	-	21,106,021	21,106,021	21,105,981
Securities issued	-	-	14,707,931	14,707,931	14,955,343
Other liabilities	388,498	1,606	591,832	981,936	981,936
Accruals and deferred income	1,332,947	-	55,689	1,388,635	1,388,635
Subordinated liabilities	-	-	400,000	400,000	447,987
<b>Total liabilities</b>	<b>1,721,445</b>	<b>1,606</b>	<b>38,828,140</b>	<b>40,551,190</b>	

### Assets

	Amounts in SEK thousand				
	Financial as- sets measured at amortised cost	Derivatives in hedge accounting	Other assets	Total	Fair value
<b>31/03/2018</b>					
Eligible treasury bills etc.	1,432,041	-	-	1,432,041	1,430,782
Lending to credit institutions	2,033,876	-	-	2,033,876	2,033,876
Lending to the public	16,634,297	-	-	16,634,297	16,624,199
Bonds and other interest-bearing securities	1,805,769	-	-	1,805,769	1,806,619
Shares and participations in associates and other companies	-	-	20,416	20,416	-
Shares and participations in Group companies	-	-	6,742	6,742	-
Intangible non-current assets	-	-	19,158	19,158	-
Property, plant, and equipment, inventory	-	-	2,209	2,209	-
Property, plant, and equipment, lease items	-	-	19,320,522	19,320,522	-
Other assets	534,940	12,008	168,134	715,082	715,080
Prepayments and accrued income	106,167	-	-	106,167	106,167
<b>Total assets</b>	<b>22,547,090</b>	<b>12,008</b>	<b>19,537,181</b>	<b>42,096,279</b>	

### Liabilities

	Non-financial liabilities	Derivatives in hedge account- ing	Other financial liabilities	Total	Fair value
<b>31/03/2018</b>					
Liabilities to credit institutions	-	-	2,133,333	2,133,333	2,117,061
Deposits and borrowing from the public	-	-	16,378,607	16,378,607	16,377,857
Securities issued	-	-	15,882,629	15,882,629	16,006,335
Other liabilities	361,139	427	721,441	1,083,007	1,083,007
Accruals and deferred income	1,313,781	-	36,436	1,350,217	1,350,217
<b>Total liabilities</b>	<b>1,674,920</b>	<b>427</b>	<b>35,152,446</b>	<b>36,827,793</b>	

## 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.

	Group companies		Associates		Amounts in SEK thousand Other related companies	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018
<b>Balance sheet</b>						
Assets	6,742	6,742	29,756	54,277	1,138,782	921,278
Liabilities	6,789	6,789	138,831	147,999	400,145	339,033
<b>Income statement</b>						
Interest income	-	-	79	184	2	3
Lease income	-	-	-	-	93,079	72,749
Interest expenses	-	-	-12	-9	-	-2
Commission income	-	-	-	-	483	485
Other operating income	-	-	751	226	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>818</b>	<b>401</b>	<b>93,564</b>	<b>73,235</b>

## NOTE 17. PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Amounts in SEK thousand		
	31/03/2019	31/03/2018	31/12/2018
Pledged assets	-	-	-
Contingent liabilities	-	40,245	-

Previously reported contingent liabilities refers to a disputed claim from the Swedish Tax Agency concerning non-deductible input VAT from 2015 and forward.

Volvofinans Bank AB as during 2018 charged the result, under Other operating expenses, by SEK 45.4 million corresponding to the difference between the Swedish Tax Agency adjusted revenue-based method and the bank's time-based calculation method. Volvofinans Bank oppose the decision to deny deduction for input VAT and has appealed to Förvaltningsrätten in late 2018.

## NOTE 18. EVENTS AFTER THE END OF THE PERIOD

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

# **VOLVOFINANS BANK**

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