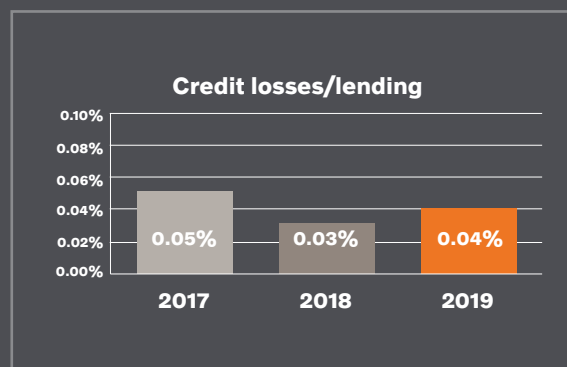
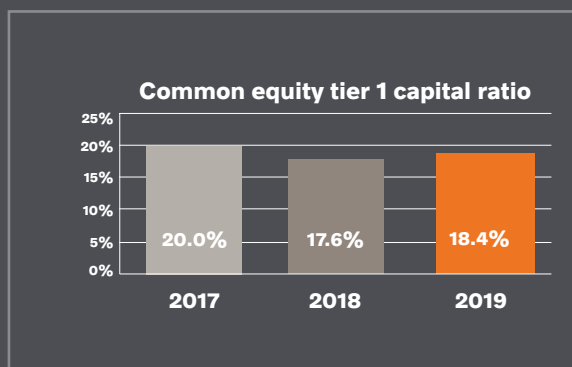
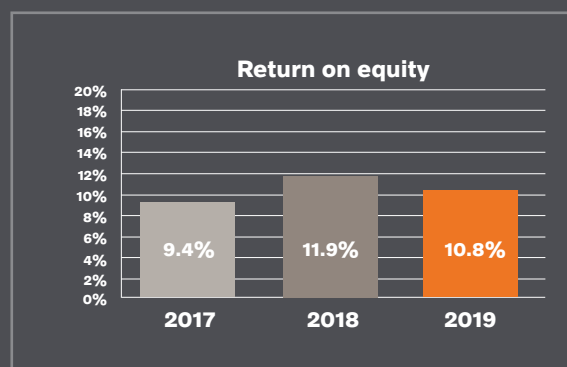
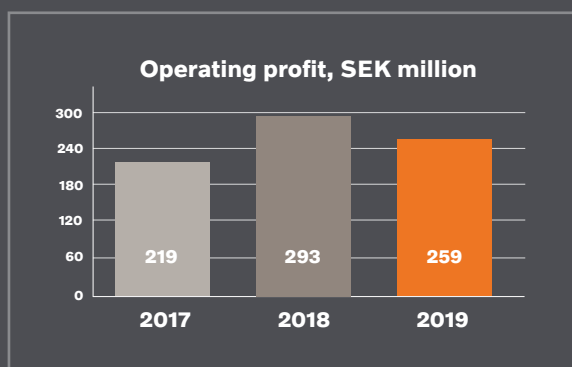


INTERIM REPORT 1 JANUARY – 30 JUNE
2019

VOLVOFINANS BANK

SUMMARY

JANUARY - JUNE 2019



INTRODUCTION AND FINANCIAL STATEMENTS

A dark Volvo SUV is driving on a winding asphalt road that curves through a vast, grassy landscape. The grass is a mix of green and golden-brown, suggesting late summer or autumn. In the background, a large body of water stretches across the horizon under a soft, hazy sky with warm, golden light, likely from a setting or rising sun. The overall mood is serene and expansive.

JAN–JUN 2019 IN SUMMARY

Operating profit:
SEK 259 million (293)

Return on equity:
10.8 % (11.9)

Lending as of 30 June:
SEK 37.4 billion (37.7)

Credit losses, net:
SEK 8.2 million (6.2)

Common equity tier 1 capital ratio:
18.4% (17.6)

Volvofinans Bank AB follows up its strong first quarter performance with an equally strong second quarter, with half-year earnings totalling SEK 259 million. Earnings were SEK 34 million lower than 2018, but adjusted for non-recurring items, earnings improved by 12% despite continued major planned investments in our digital services. The improvement is attributable to accumulated net interest driven primarily by higher interest rates and higher revenues from vehicle disposals.

The bank's lending during the past 12 months fell by SEK 0.4 billion, attributable to business area Cars, while Fleet increased its credit volume by SEK 0.4 billion. Volumes in business area Trucks remained unchanged during the period.

Trends since the first half of 2018 when passenger car registrations broke records as a result of changed company car taxation – Bonus Malus – were anticipated to a certain degree. The decrease in lending in Cars, comprised mainly of loans and leases to private individuals and small companies, is mainly due to two factors. On one hand, many purchasers hesitate to make new car purchases in the face of the many unanswered fuel questions (petrol, diesel or battery), and on the other hand many people opt instead for used vehicles which do not cost as much and are exempt from the increased car tax. The increase in lending in Fleet, which is home to the bank's big business customers, is driven by the major customer inflows the segment has enjoyed during the past two or three years. The new customers' company cars are picked up as and when old, competitor-financed cars are replaced. Thus there is a slight time lag in the Fleet volume increase following the establishment of a customer relationship.

Having said that, we can happily note that in general the 2019 market is motoring along extremely well from a historical perspective. At the end of the first six months, 167,000 vehicles were registered, which also indicates that BilSweden's full-year forecast of 335,000 registrations would appear to be spot on. If the forecast proves correct, it will mean that this year's sales are the sixth best ever. At 18.9%, the market share for Volvo Cars is somewhat lower than in previous years, but Volvo continues to consolidate its position as market leader with its S/V60

best-seller and five models in the top ten. The decline in market share in terms of registrations during the year is primarily linked to longer delivery times for Volvo models. Renault/Dacia are also performing well and have increased their joint share to 5.2%. Volvo Trucks continues to grapple with Scania for first place in the forecasted continued good overall market.

The trend toward electric cars, fully or partially battery-powered, grows ever stronger in the Swedish market. The proportion of electric and

hybrid vehicles increased by 60% in June. So far this year, the proportion of electric vehicles is 10% compared with just over 4% last year. Demand for Volvo plug-in hybrids outstrips supply and the Renault Zoe is at the absolute top among registered electric cars. Expectations are high for the start of Polestar's sales during 2020 and for Volvo's upcoming electric vehicle models, with the preview of the first vehicle during this autumn. Electric vehicle trends are in line with the bank's focus on sustainability. We have updated and strengthened our framework for issuing green bonds to meet future borrowing requirements, and funds will be allocated to Volvofinans' green loans portfolio comprising financed bonus-classified vehicles.

We're looking forward to the upcoming autumn "term" and making further progress on our exciting journey to becoming "the mobility bank". All the best until next time!

Conny Bergström
CEO
Volvofinans Bank AB



“Electric vehicle trends are in line with the bank's focus on sustainability”

Volvofinans Bank AB (publ), Co. Reg. 556069-0967, is obliged to publish this information under the Swedish Securities Market Act (SFS 2007:528). This report was submitted for publication on 23 August 2019.

Financial statements

Ownership/Operations

The company was established in 1959 with 50% owned by the Swedish Volvo dealers through their holding company AB Volverkinvest, and 50% by 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 dormant subsidiaries.

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

Trends in volume/lending

Lending volume totalled SEK 37.4 billion compared to 37.7 billion in the previous year. Trucks accounted for SEK 3.2 billion (3.2), of lending, equivalent to 9% (9) of the total. Fleet accounted for SEK 7.2 billion (6.8) of lending or 19% (18) and Volvo card for 5% (5) or SEK 1.9 billion (1.8). The remainder – SEK 25.1 billion (25.9) – is attributable to passenger car financing in Cars, which corresponds to 67% (69) of lending.

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

Trends in earnings and financial position

Profit

Volvofinans Bank's profit after credit losses amounted to SEK 258.5 million (293.1), a decrease of 12%. The deviation from the previous year is primarily due to a reversal of a residual value impairment made during Q1 2018; see further information in the section on residual value risk.

Credit risk and credit losses

Because the major part of credit risk is borne by individual Volvo dealers, the credit risk for Volvofinans Bank is very low. Defaulted receivables are defined as receivables more than 90 days overdue or defaulted on for other reasons. Volvofinans Bank's defaulted credit card receivables amounted to SEK 12.4 million (12.8) and for loans and leasing SEK 174.2 million (238.4).

With regard to commitments relating to loans and leases, there are, in addition to the collateral in the financed items, recourse agreements in place whereby the dealers bear the credit risk. This amounted to SEK 170.3 million (229.3) as of the closing date. Deferred loans or loans with renegotiated terms amount to SEK 13.8 million (23.2). Confirmed bad debt losses during the year derive from credit card transactions. Anticipated credit losses are calculated based on a prospective impairment model, where the calculation takes account of macroeconomic data, demographic variables and behavioural variables.

Residual value risk

This refers to the risk that the residual value on a vehicle guaranteed by the bank on the final day of the lease is higher than the actual market value, and the bank thereby sustains a loss. As of 30 June 2019, the bank reported an impairment loss of SEK 70.2 million (80.4) due to the residual value risk, under depreciation and impairment of property, plant and equipment. During the year, the bank reversed SEK 3.7 million (52.3) of an impairment previously carried out due to residual value risk. The major part – SEK 45.8 million – of the previous year's reversal is due to signing a new contract with a buyer for cars in the Fleet business.

Funding and liquidity

Deposits in the bank's savings account increased by SEK 0.3 billion during

the second quarter reaching a total balance of SEK 19.9 billion (15.6) at the end of the quarter. Total deposits including the credit balance for the Volvo Card and deposits from Volvo dealerships totalled SEK 21.4 billion (17.2) and accounted for 57% (47) of the bank's financing.

Due to a high inflow of deposits into the bank's savings accounts during the first half of the year, no market financing was carried out, however the company's own bonds were repurchased to a nominal amount of SEK 499 million during the first six months. Volvofinans Bank AB's outstanding financing through its market loan programmes amounted to a nominal SEK 14.2 billion (16.7) as of 30 June 2019.

In addition to market borrowing and deposits, the bank also finances its activities through bank credits, which total SEK 1.7 billion (2.1). The proportion of financing from market loans programmes and the banking sector with remaining terms of more than one year was 73% (83).

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 unutilised credit facilities. The total liquidity reserve was amounted to SEK 6.4 billion (5.2). The securities portfolio accounted for SEK 3.7 billion (58%) and non-fixed deposits at other banks totalled SEK 2.7 billion (42%). Volvofinans Bank's liquidity reserve must always be at least 10% in relation to lending volume. As of June 30, 2019, total lending amounted to SEK 37.4 billion, meaning that the size of the liquidity reserve was equivalent to 17% (14). In addition to the liquidity reserve, available and unutilised loan facilities totalled SEK 4.3 billion (4.3).

At the end of the first quarter, Volvofinans Bank's liquidity coverage ratio (LCR) under article 415 of the EU Capital Requirements Regulation (CRR), totalled 294% (318). According to Volvofinans Bank's interpretation of the Basel Committee's recommendation (BCBS295), the Net Stable Funding Ratio (NSFR) was 145% (145).

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 standard method. The common equity tier 1 capital ratio reached 18.4% (17.6). The internally assessed capital requirement is calculated based on the methods and models used to calculate the capital requirement within the framework of Pillar 1. In addition to this, there are capital requirements for a counter cyclic capital buffer and a capital conservation buffer. As of 30 June, the contra-cyclic buffer of 2 per cent of the risk-weighted exposure (REA) totalled SEK 405 million (392) and the capital conservation buffer of 2.5 per cent of REA totalled SEK 506 million (491). The leverage ratio was 8.3% (7.9).

Disclosures are provided in compliance with Swedish Financial Supervisory Authority publication requirements FFFS 2014:12, FFFS 2010:7 and FFFS 2014:21.

Other significant information

Significant risks and uncertainty factors

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 increased costs in terms of the means of payment or, in the worst-case, cannot be met at all. To manage liquidity stress, Volvofinans Bank not only maintains a liquidity reserve, but also agreed credit facilities that can be utilised at short notice.

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

Currency risk is the risk of unfavourable changes in exchange rates. All

of Volvofinans Bank's lending is in Swedish kronor. Any borrowing in foreign currency is hedged, which means the bank is not exposed to exchange rate fluctuations.

Rating

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

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

There has been no change in the credit rating during the period. A detailed, up-to-date analysis from Moody's can be found on our website, under "About us/Investor relations/rating".

Calendar

7 November 2019 Interim Report January-September

Review

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

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

Certificate

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

Gothenburg, 23 August 2019

Urmas Kruusval
Chairman of the Board

Synnöve Trygg
Deputy Chairman of the Board

Per Avander
Board Member

Kristian Elvefors
Board Member

Ann Hellenius
Board Member

Elisabeth Mosséen
Board Member

Björn Rentzhog
Board Member

Conny Bergström
CEO

The report will be available on our website volvofinans.se, under About us/Investor relations/Financial reports.

Should you have any questions, please call CEO Conny Bergström, +46 31-83 88 00.



Key ratios

	30/06/2019	30/06/2018	31/12/2018
Return on equity, %	10.76	11.86	10.15
Risk capital / Balance sheet total, %	11.60	11.13	11.67
Deposits / Lending, %	57.15	45.61	48.87
Profit / Risk-weighted assets, %	2.55	2.99	2.53
Total capital ratio, %	20.37	19.63	20.08
Common equity tier 1 capital ratio, %	18.40	17.59	18.06
Cost/Income ratio	0.50	0.37	0.47
Cost/Income ratio excl. residual value provision	0.51	0.48	0.53
Credit losses / Lending, %	0.04	0.03	0.03
Liquidity coverage ratio (LCR), %	294	318	333
NSFR (Net Stable Funding Ratio), %	145	145	145
Leverage ratio, %	8.3	7.9	8.3

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-oss/investerarrelationer/finansiella-rapporter/definition-av-nyckeltal/>

Income statement, overview

	Amounts in SEK thousand					
	2019 Q2	2019 Q1	2018 Q2	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Interest income	137,101	133,727	120,855	270,828	236,081	482,494
Lease income	1,415,389	1,402,836	1,316,845	2,818,225	2,583,814	5,318,171
Interest expenses	-82,944	-82,713	-67,552	-165,657	-124,492	-256,698
Net interest income, Note 5	1,469,546	1,453,851	1,370,148	2,923,396	2,695,403	5,543,967
Dividend received, Note 6	269	13	16,308	281	16,308	16,352
Commission income	108,982	102,304	96,765	211,286	188,115	390,839
Commission expenses	-11,669	-7,133	-15,219	-18,801	-22,624	-43,915
Net income from financial transactions	-861	-163	-263	-1,024	-340	-563
Other operating income, Note 7	17,331	17,550	12,622	34,881	22,841	51,724
Total operating income	1,583,598	1,566,421	1,480,361	3,150,019	2,899,705	5,958,404
General administration expenses	-122,406	-109,100	-99,323	-231,506	-194,157	-389,147
Depreciations and impairment of property, plant, and equipment and intangible non-current assets, Note 5	-1,311,375	-1,304,555	-1,233,986	-2,615,930	-2,378,734	-4,941,822
Other operating expenses, Note 13	-18,032	-17,774	-16,363	-35,805	-27,609	-112,727
Total operating expenses	-1,451,813	-1,431,428	-1,349,672	-2,883,241	-2,600,501	-5,443,696
Profit before credit losses	131,785	134,993	130,689	266,778	299,204	514,708
Credit losses, net, Note 8	-4,308	-3,894	-845	-8,202	-6,178	-13,185
Impairments/Reversals of financial intangible assets, net	65	-131	-45	-66	73	276
Operating profit	127,542	130,967	129,799	258,510	293,099	501,799
Appropriations	-	-	-	-	-	-498,479
Tax	-27,294	-28,027	-27,777	-55,321	-62,723	-3,320
Earnings	100,248	102,940	102,022	203,189	230,376	-

Balance sheet highlights

	Amounts in SEK thousand		
	30/06/2019	30/06/2018	31/12/2018
Treasury bills eligible as collateral etc.	1,242,779	1,373,667	1,245,816
Lending to credit institutions	2,698,138	1,660,008	1,622,571
Lending to the public	17,005,519	17,228,338	16,922,760
Bonds and other interest-bearing securities	2,463,701	2,166,419	2,231,967
Shares and participations in associates and other companies	23,777	22,701	23,777
Shares and participations in Group companies	6,742	6,742	6,742
Intangible non-current assets	24,304	21,847	21,545
Property, plant, and equipment: inventory	6,603	2,582	6,488
Property, plant, and equipment: lease items	20,434,071	20,462,514	20,357,024
Other assets*	949,573	927,280	887,128
Prepaid expenses and accrued income	97,505	91,090	50,743
Total assets, Note 11	44,952,712	43,963,188	43,376,561
Liabilities to credit institutions	1,650,000	2,116,667	2,083,333
Deposits and borrowing from the public	21,395,022	17,191,963	18,218,366
Securities issued	14,204,295	17,186,629	15,532,399
Other liabilities*	1,044,241	1,152,733	1,079,373
Accrued expenses and deferred income	1,394,463	1,423,193	1,302,984
Subordinated liabilities	400,000	400,000	400,000
Total liabilities, Note 11	40,088,021	39,471,185	38,616,455
Untaxed reserves	4,128,190	3,629,711	4,128,190
Equity	736,501	862,292	631,916
Total liabilities and equity	44,952,712	43,963,188	43,376,561
* Of which derivative instruments with positive and negative market values			
Derivative instruments with positive market value	24,436	30,033	12,999
Derivative instruments with negative market value	-383	-166	-37,196

Change in equity

	Amounts in SEK thousand				
	Restricted equity			Non-restricted equity	Total equity
	Share capital	Statutory reserve	Development fund	Retained earnings	
Opening equity, 1 January 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, internally generated development costs	-	-	6,263	-6,263	0
Total before transactions with shareholders	400,000	20,000	22,352	899,424	1,341,776
Dividend	-	-	-	-479,484	-479,484
Closing equity, 30 June 2018	400,000	20,000	22,352	419,940	862,292
	Share capital	Statutory reserve	Development fund	Retained earnings	Total 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 year	-	-	-	-	-
Transfer, internally generated development costs	-	-	5,133	-5,133	0
Total before transactions with shareholders	400,000	20,000	21,222	670,178	1,111,400
Dividend	-	-	-	-479,484	-479,484
Closing equity, 31 December 2018	400,000	20,000	21,222	190,694	631,916
	Share capital	Statutory reserve	Development fund	Retained earnings	Total equity
Opening equity, 1 January 2019	400,000	20,000	21,222	190,694	631,916
Profit for the period after tax	-	-	-	203,189	203,189
Transfer, internally generated development costs	-	-	3,066	-3,066	-
Total before transactions with shareholders	400,000	20,000	24,288	390,817	835,105
Dividend	-	-	-	-98,604	-98,604
Closing equity, 30 June 2019	400,000	20,000	24,288	292,213	736,501

Cash flow statement

	Amounts in SEK thousand		
	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Operating activities			
Operating profit	258,510	293,099	501,799
Adjustment of items not included in cash flow			
Unrealised portion of net income from financial transactions	-144	-340	-563
Depreciations, amortisation, impairments	2,615,930	2,377,620	4,947,844
Credit losses	6,766	2,423	11,884
Paid/refunded (-/+) tax	-60,905	80,870	-1,236
Changes to assets and liabilities in operating activities			
Treasury bills eligible as collateral etc.	3,037	59,182	187,032
Lending to the public	-89,550	-745,454	-449,362
Bonds and other interest-bearing securities	-231,734	-283,758	-349,306
Deposits and borrowing from the public	3,176,656	1,178,057	2,204,461
Liabilities to credit institutions	-433,333	-33,333	-66,667
Other assets	-103,599	-292,932	-70,897
Securities issued	-1,328,104	1,578,747	-75,484
Other liabilities	56,492	440,817	247,470
Cash flow from operating activities	3,870,022	4,654,998	7,086,977
Investing activities			
Capitalised development expenditures	-5,518	-5,985	-22,044
Investments in shares and participations	-	-2,284	-3,361
Disposal of property, plant and equipment	2,443,422	2,149,550	3,899,084
Acquisition of property, plant and equipment	-5,133,755	-6,357,461	-10,559,274
Cash flow from investing activities	-2,695,851	-4,216,180	-6,685,594
Financing activities			
Subordinated liabilities	-	400,000	400,000
Dividends paid	-98,604	-479,484	-479,484
Cash flow from financing activities	-98,604	-79,484	-79,484
Cash flow for the period			
Cash and cash equivalents at beginning of period	1,622,571	1,300,672	1,300,672
Cash flow from operating activities	3,870,022	4,654,998	7,086,977
Cash flow from investing activities	-2,695,851	-4,216,180	-6,685,594
Cash flow from financing activities	-98,604	-79,484	-79,484
Cash and cash equivalents at end of period	2,698,138	1,660,008	1,622,571



NOTES



NOTE 1. ACCOUNTING POLICIES

This interim report was prepared in accordance with IAS 34 Interim Financial Reporting. Volvofinans Bank applies legally restricted IFRS, which means the interim report has been prepared in compliance with IFRS with the additions and exceptions set out in the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities; the stipulations and general recommendations of the Swedish Financial Supervisory Authority on annual reporting by credit institutions and securities companies (FFFS 2008:25) in compliance with the change regulations in FFFS 2009:11 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. No changes in the bank's accounting policies as described in the Annual Report 2018 have taken place.

IFRS 16 LEASES

IFRS 16 is a new standard for leases which came into force on 1 January 2019. IFRS 16 introduces a uniform lease accounting model for lessees, who now recognise the underlying asset as a right-of-use asset, and report a lease liability representing the obligation to pay lease charges. The accounting requirements for lessors resemble the current standard, i.e. lessors continue to classify their leases as financial or operating leases. The standard mainly affects lessees and their lease accounting. As a lessor, the bank continues to classify its leases as operational and the assets are listed in the balance sheet. The bank applies the relief rule in RFR 2 and thus reports all leases as operational, even in the few cases where the bank is the lessee. The introduction has had no significant effect on the bank's financial position, its earnings or cash flow.

The bank's interim report was otherwise prepared in accordance with the same accounting policies and methods of calculation as those applied in the Annual Report 2018.

FUTURE REGULATORY CHANGES**Other changes in IFRSs**

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

NOTE 2. ASSESSMENTS AND ESTIMATIONS IN THE FINANCIAL STATEMENTS

Preparation of the financial statements in compliance with IFRS requires the bank's management to make assessments, estimations, and assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, revenues, and expenses. These estimations and assumptions are based on historical experience and a number of other factors deemed reasonable under current circumstances. The outcomes of these estimates and assumptions are then used to assess the carrying amounts of assets and liabilities not otherwise clearly provided by other sources.

Actual outcomes may deviate from these estimations and assumptions. Primarily, the bank made the following critical assessments when applying significant accounting policies:

- Whether the bank has assumed significant risks and benefits from the seller on acquisition of receivables and agreements
- Impairment testing of lease items at risk of falling residual values
- Choice of method for calculating anticipated 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 assessments of the residual value of lease items.

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

NOTE 3. OPERATING SEGMENTS

The bank's operations are divided into operating segments based on the business areas that the bank's chief operating decision maker monitors. Operations are organised such that management monitors earnings and returns generated by the various services. Internal reporting is structured to allow management to monitor the performance of all services. It is on the basis of this reporting that the bank has identified the segments Cars, Trucks and Fleet.

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



CARS

Business area Cars comprises two businesses; Sales Finance and Cards/Payments, both aimed at consumers and small companies. Sales Finance finances cars sold by Swedish Volvo dealers through loans or leasing, often in package solutions that include insurance, a credit card and a service agreement. Cards/Payments offers both card payments and digital payment solutions in CarPay. The bank provides flexible payments to cover all car-related needs, and also everywhere VISA is accepted, where the transactions generate bonus checks in a loyalty programme.

The Swedish new car market has remained strong for several years and 2018 was the third best year ever. The first six months of 2019 were slightly weaker with 168,000 new passenger cars registered, 26% fewer than the first six months of 2018. New Volvo, Renault and Dacia registrations reached 40,453 cars, equivalent to a market share of 24.1% in which vehicle financing via Volvofinans remains stable. Accumulated over the past year, we note a slightly reduced stock volume with 1507 loans and leases as a result of the lower new-car market; as of 30 June 2019 the stock volume was 206,034 agreements. In the Payments business, underlying revenues are increasing and the bank notes a positive trend in card purchases and interest-bearing loans. Product development work is constantly in progress, as are launches of new digital services together with Volvo dealers and other interested parties within the business ecosystem. The bank has developed the CarPay service to increase customer value, and this is now used by more than 450,000 customers. Digital payments and services are another example of new developments to satisfy customer demand and create favourable conditions in the ecosystem. Using their mobile phones, our customers can now pay for their workshop visits, fuel stops at Tanka and other purchases using Samsung Pay – areas where the bank sees a great increase in demand and in which it has many other development initiatives. This makes life easier for our customers and partners – in other words, through smarter car economy.

	Amounts in SEK thousand		
	2019	2018	
	Jan-Jun	Jan-Jun	Change
Net interest*	262,023	233,971	28,052
Dividends received	281	16,308	-16,027
Commission income	129,696	130,445	-749
Commission expenses	-18,355	-22,223	3,868
Net income from financial transactions	-710	-244	-466
Other income	5,136	3,818	1,318
Operating income	378,072	361,074	16,998
Overhead expenses**	-198,481	-166,535	-31,946
Credit losses	-7,473	-7,086	-387
Credit risk provision	-800	953	-1,753
Operating profit	171,317	188,406	-17,089

* Including depreciation and impairment of lease items.

** Including depreciations of property, plant, and equipment and intangible fixed assets excluding depreciation and impairment of lease items.

Product information, loans and leasing	30/06/2019	30/06/2018	Change
Number of contracts	206,034	207,541	-1,507
Total volume, SEK million	26,414	26,940	-526
of which transferred, %	93.4	92.7	0.7
of which pledged, %	6.6	7.3	-0.7
of which loans, %	45.6	44.5	1.1
of which leases, %	54.4	55.5	-1.1
Private leasing as a proportion of total leases, %	26.3	26.7	-0.4

Product information, cards	30/06/2019	30/06/2018	Change
Average number of active accounts	421,921	423,698	-1,777
Total volume, SEK million	1,864	1,799	65
Average number of credit customers	87,668	88,096	-428
Total sales Volvo Card, SEK million	7,369	6,920	449
of which fuel, %	40.0	41.6	-1.6
of which workshop, %	16.4	16.1	0.3
of which retail store, %	1.5	1.8	-0.3
of which car wash, %	1.4	1.5	-0.1
of which sales outside Volvo dealers, %	31.3	28.4	2.9
of which other (incl. car loans and insurance), %	9.3	10.6	-1.3

TRUCKS

In business area Trucks, the bank offers loans and lease financing for new and used trucks including trailers, superstructures and other equipment. Volvo Truck Card is also included in Trucks.

Demand for trucks continues to be high and Volvo Trucks' market share remains at a good level.

The bank's financing share of new trucks continues to increase and more than every other truck is financed via truck loans, financial leases or operational leases. Financing volumes for used vehicles and trailers are also at a high level. Work is constantly in progress with product development and the marketing of financial offers together with Volvo Trucks and Volvo Dealers.

The development of future services and financial solutions in Fleet Management and more flexible payment solutions are further examples of areas where the bank, together with Volvo Trucks, is creating conditions for future increases in customer value. The area has seen the launch of eControl – an invoice and cost control service unique to the industry. eControl is aimed primarily at small and mid-sized hauliers.

eControl and a financing solution based on driven kilometres are examples of developments in progress at the bank aimed at offering Volvo customers smarter trucking economy to boost haulier profitability.

	Amounts in SEK thousand		
	2019 Jan-Jun	2018 Jan-Jun	Change
Net interest*	22,069	18,692	3,377
Commission income	5,426	5,575	-149
Commission expenses	-106	-92	-14
Net income from financial transactions	-101	-33	-68
Other income	90	531	-441
Operating income	27,378	24,673	2,705
Overhead expenses**	-18,315	-13,981	-4,334
Credit losses	-56	-169	113
Credit risk provision	74	83	-9
Operating profit	9,080	10,523	-1,443

* Including depreciation and impairment of lease items.

** Including depreciations of property, plant, and equipment and intangible fixed assets excluding depreciation and impairment of lease items.

Product information, loans and leasing	30/06/2019	30/06/2018	Change
Number of contracts	6,618	6,630	-12
Total volume, SEK million	4,156	4,059	97
of which transferred, %	77.2	79.6	-2.4
of which pledged, %	22.8	20.4	2.4
of which loans, %	77.1	77.5	-0.4
of which leases, %	22.9	22.5	0.4
Operational leasing as a proportion of total leases, %	26.6	22.5	4.1

Product information, cards	30/06/2019	30/06/2018	Change
Average number of Volvo Truck cards	1,485	1,596	-111
Total sales, Volvo Truck cards, SEK million	169	189	-20
of which workshop, %	58.1	56.6	1.5
of which retail store, %	11.5	11.9	-0.4
of which car wash, %	6.0	5.4	0.6
of which other (incl. loans and insurance), %	8.6	6.9	1.7
of which fuel, %	15.7	19.2	-3.5

FLEET

In the Fleet segment, the bank provides administration and financing mainly to mid-size and large companies, regardless of the car brands customers choose to use. Service and repair agreements and the tyre warranty product are also provided in this segment. The business idea is to simplify company car operations for the bank's customers by creating a smarter automotive economy through competitive costs for both drivers and companies. In recent years, business area Fleet has had the ambition to achieve a market-leading position in order to enjoy economies of scale in administration and purchasing. As of December 2018, this ambition was achieved and the business area Fleet became market leader in Sweden within the segment with 22.5% of the market. As of June 2019, market share was stable at 22.5% and the position as market leader remained unchanged. The number of contracts continues to increase at a good pace and have risen by around 6% compared to the same period for the previous year. The majority of the new contracts were in the operational leasing category. During the year, the bank reversed SEK 3.7 million (52.3) of an impairment previously carried out due to residual value risk. The major part – SEK 45.8 million – of the previous year's reversal is due to the conclusion of a new contract with a buyer for cars in the Fleet business.

	Amounts in SEK thousand		
	2019 Jan-Jun	2018 Jan-Jun	Change
Leasing, net	23,477	15,541	7,936
Change in residual value impairment	3,723	52,295	-48,572
Commission income	76,164	52,096	24,068
Commission expenses	-341	-309	-32
Net income from financial transactions	-213	-62	-151
Service and repair contracts	29,243	18,305	10,938
Other income	412	187	225
Operating income	132,466	138,053	-5,587
Overhead expenses**	-54,340	-43,998	-10,342
Credit losses	-	90	-90
Credit risk provision	-13	24	-37
Operating profit	78,113	94,170	-16,057

* Including depreciation and impairment of lease items.

** Including depreciations of property, plant, and equipment and intangible fixed assets excluding depreciation and impairment of lease items.

Product Information	30/06/2019	30/06/2018	Change
Number of financing contracts	34,659	32,555	2,104
Number of managed contracts	46,913	44,149	2,764
Total volume, SEK million	7,181	6,843	338
of which operational leases, %	68.2	68.4	-0.2
of which financial leases, %	31.8	31.6	0.2

NOTE 4. DISCLOSURES, LOANS AND LEASES

30/06/2019	Loans	Leasing	Total
Number of contracts	128,732	126,901	255,633
Average contract, SEK thousand	119	183	150
Collateral value, SEK million	15,268	23,201	38,469
Credit utilised, SEK million	14,731	20,632	35,363
Loan-to-value ratio	96	89	92

30/06/2018	Loans	Leasing	Total
Number of contracts	128,060	125,576	253,636
Average contract, SEK thousand	118	186	152
Collateral value, SEK million	15,131	23,358	38,489
Credit utilised, SEK million	14,726	20,938	35,663
Loan-to-value ratio	97	90	93

NOTE 5. LEASE INCOME AND ACCUMULATED NET INTEREST INCOME

	Amounts in SEK thousand					
	2019 Q2	2019 Q1	2018 Q2	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Lease income from operational and financial leases	1,415,389	1,402,836	1,316,845	2,818,225	2,583,816	5,318,171
Depreciations, leased items	-1,310,478	-1,305,333	-1,234,861	-2,615,811	-2,428,173	-4,987,011
Impairments, leased items	-11	-5	1	-17	-110	-86
Change in residual value provision, leased items	1,411	2,312	2,131	3,723	52,295	58,787
Leasing, net	106,311	99,810	84,116	206,120	207,828	389,861
Interest income	137,101	133,727	120,855	270,828	236,081	482,494
Interest expenses	-82,944	-82,713	-67,552	-165,657	-124,492	-256,698
Net interest	54,157	51,014	53,302	105,171	111,589	225,796
Accumulated net interest income	160,468	150,824	137,418	311,292	319,417	615,657

NOTE 6. DIVIDENDS RECEIVED

	Amounts in SEK thousand		
	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Cash dividend Visa Sweden association	281	14,024	14,068
Convertible preference shares in Visa Inc	-	2,284	2,284
Total	281	16,308	16,352

The 2018 dividend derived partly from Visa Sweden's sale of its share in Visa Europe Ltd to Visa Inc. where the total compensation consisted of a combination of cash and shares that was distributed among the various members of Visa Sweden. The bank's share of the dividend comprised SEK 14 million in cash, of which SEK 1 million is a guaranteed future dividend for payment in 2019. Also, because the dividend comprised shares in Visa Inc. Series C Convertible participating Preferred Stock, no liquid notes are available for this instrument and its market value has been identified with elements of internal assumptions.

NOTE 7. OTHER OPERATING INCOME

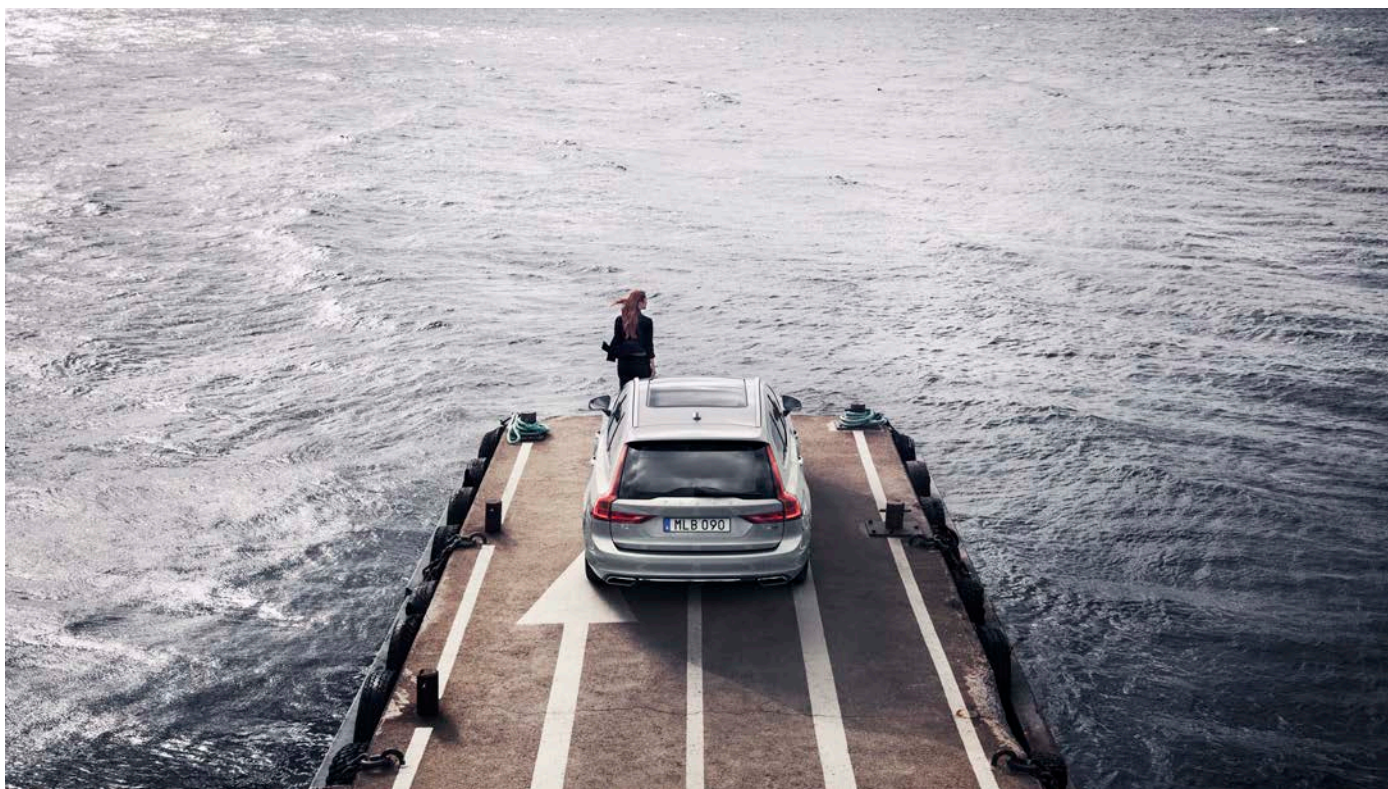
	Amounts in SEK thousand		
	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Capital gains on the sale of tangible assets	582	416	630
Revenues, service and repair contracts	29,243	18,305	42,289
Income from associated companies	1,572	403	1,077
Other operating income	3,484	3,717	7,728
Total	34,881	22,841	51,724

NOTE 8. CREDIT LOSSES, NET

Credit losses, net	Amounts in SEK thousand		
	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Loans at amortised cost (incl. unused part of limit)			
Change in provisions – stage 1	-482	461	2,121
Change in provisions – stage 2	144	763	-466
Change in provisions – stage 3	-335	-236	552
Total change in provisions	-673	988	2,207
Write-off, confirmed credit losses	-8,719	-8,121	-17,567
Recoveries of previously confirmed credit losses	1,190	955	2,175
Total	-7,529	-7,166	-15,392
Credit losses, net	-8,202	-6,178	-13,185

NOTE 9. LEVERAGE RATIO

	Amounts in SEK thousand		
	30/06/2019	30/06/2018	31/12/2018
Tier 1 capital	3,727,348	3,450,889	3,579,159
Exposure measurement	44,750,950	43,688,645	43,215,215
Leverage ratio, %	8.33	7.90	8.28



NOTE 10. CAPITAL ADEQUACY ANALYSIS

Amounts in SEK thousand

CAPITAL BASE

	30/06/2019
Common equity tier 1 capital: instruments and provisions	
Capital instruments and associated share premium reserves	400,000
Undistributed earnings	285,704
Accumulated other comprehensive income (and other provisions)	3,244,757
Common equity tier 1 capital before regulatory adjustments	3,930,461
Common equity tier 1 capital: regulatory adjustments	
Intangible assets	-24,304
Negative amount resulting from the calculation of anticipated loss	-178,784
Gains or losses from liabilities measured at fair value and which are due to changes in the institution's own credit status	-25
Accumulated regulatory adjustments to common equity tier 1 capital	-203,113
Common equity tier 1 capital	3,727,348
Supplementary capital: instruments and appropriations	
Capital instruments and associated share premium reserves	400,000
Supplementary capital	400,000
Total capital (common equity tier 1 capital + supplementary capital)	4,127,348
Total risk-weighted assets	20,257,724

Amounts in SEK thousand

CAPITAL RATIOS AND BUFFERS

	30/06/2019	30/06/2018	31/12/2018
Risk-weighted assets	20,257,724	19,622,006	19,816,517
Common equity tier 1 capital ratio, %	18.40	17.59	18.06
Primary capital ratio, %	20.37	19.63	20.08
Total capital ratio, %	20.37	19.63	20.08
Institution-specific common equity tier 1 capital requirements including buffer requirements, %	9.0	9.0	9.0
of which requirement for capital conservation buffer, %	2.5	2.5	2.5
of which requirement for contra-cyclic buffer, %	2.0	2.0	2.0
Total capital requirement, %	14.65	14.72	14.65
Common equity tier 1 capital ratio available for use as a buffer, %	13.90	13.09	13.56
Common equity tier 1 capital ratio available for use as a buffer	2,815,750	2,567,899	2,687,416

INTERNAL ASSESSED CAPITAL REQUIREMENT

Credit risk	1,489,891	1,453,759	1,454,643
Operational risk	128,654	112,951	128,654
CVA risk	2,074	3,050	2,025
Pillar 1 capital requirement	1,620,619	1,569,760	1,585,322
Concentration risk	290,293	290,826	289,104
Strategic risk	81,031	78,488	79,266
Interest rate risk	65,000	65,000	65,000
Pillar 2 capital requirement	436,324	434,314	433,370
Capital conservation buffer	506,443	490,550	495,410
Contra-cyclic capital buffer	405,154	392,440	396,328
Combined buffer requirements	911,597	882,990	891,738
Capital requirements	2,968,540	2,887,064	2,910,430
Capital base	4,127,348	3,850,889	3,979,159
Capital surplus	1,158,808	963,825	1,068,729

In June 2018, the bank was granted a permit by the Swedish Financial Supervisory Authority to count interim earnings as common equity tier 1 capital. The bank has applied this permit in reports as of June 2018.

CAPITAL REQUIREMENT AND RISK-WEIGHTED EXPOSURE AMOUNT	Amounts in SEK thousand		
	Capital requirement	Risk-weighted exposure amount	Average risk weighting
30/06/2019			
Credit risk IRB			
Corporate exposures	491,508	6,143,847	69.3%
Retail exposures	556,479	6,955,984	21.5%
Non credit-obligation assets exposure	326,756	4,084,452	100.0%
Total IRB	1,374,743	17,184,283	37.9%
Credit risk STD			
Exposures to central governments or central banks	-	-	-
Exposures to provincial or regional government bodies or local authorities	-	-	-
Exposures to public sector	448	5,597	100.0%
Exposures to institutions	44,438	555,471	20.0%
Corporate exposures	19,463	243,288	95.4%
Retail exposures	30,560	382,004	67.2%
Exposures in default	175	2,193	150.0%
Covered bonds	13,110	163,871	10.0%
Share exposures	2,442	30,520	100.0%
Other items	4,512	56,402	100.0%
Total STD	115,148	1,439,345	21.5%
Total	1,489,891	18,623,628	35.8%
Operational risk	128,654	1,608,170	-
Credit value adjustment (CVA)	2,074	25,926	-
Total minimum capital requirement and risk-weighted exposure amount	1,620,619	20,257,724	-

NOTE 11. CARRYING AMOUNT BY CATEGORY OF FINANCIAL INSTRUMENTS AND

DISCLOSURES ABOUT FAIR VALUE

Methods for determining fair value

Derivatives are reported under other assets or other liabilities. Because the derivative instruments have no quoted price on an active market (Level 1), the Bank uses a discounted cash flow analysis to determine the fair value of the instruments in accordance with IFRS 13. When discounting, only observable market data is used (Level 2).

Under IFRS 13 Fair value measurement, treasury bills eligible as collateral, other eligible securities, bonds and other interest-bearing securities are measured at fair value with prices quoted on an active market (Level 1) and also at market value using observable market data (Level 2).

Lending to the public has been calculated by discounting the contractual cash flows using a discount rate based on a current lending spread (Level 2) to determine fair value according to IFRS 13.

Liabilities to credit institutions, deposits and borrowing by the public, issued securities and subordinated liabilities have been calculated on the basis of estimated, current lending spreads (Level 2) to determine fair value according to IFRS 13. Other categories belong to Level 3. The carrying amounts of these assets and liabilities provide a good approximation of fair value due to their short remaining maturity.

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

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

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

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

Assets, Jan - Jun 2019	Amounts in SEK thousand				
	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Treasury bills eligible as collateral etc.	1,241,945	-	-	1,241,945	1,242,779
Lending to credit institutions	-	-	2,698,138	2,698,138	2,698,138
Lending to the public	-	17,034,594	-	17,034,594	17,005,519
Bonds and other interest-bearing securities	1,639,012	824,997	-	2,464,009	2,463,701
Other assets*	-	24,436	925,137	949,573	949,573
Prepaid expenses and accrued income	-	-	97,505	97,505	97,505
Total	2,880,957	17,884,027	3,720,780	24,485,764	24,457,215
Liabilities, Jan - Jun 2019	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Liabilities to credit institutions	-	1,666,236	-	1,666,236	1,650,000
Deposits and borrowing from the public	-	21,395,022	-	21,395,022	21,395,022
Securities issued	-	14,435,742	-	14,435,742	14,204,295
Other liabilities*	-	383	1,043,858	1,044,241	1,044,241
Accrued expenses and deferred income	-	-	1,394,463	1,394,463	1,394,463
Subordinated liabilities	-	448,607	-	448,607	400,000
Total	-	37,945,990	2,438,321	40,384,311	40,088,021
Assets, Jan - Jun 2018	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Treasury bills eligible as collateral 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*	-	30,033	897,247	927,280	927,280
Prepaid expenses and accrued income	-	-	91,090	91,090	91,090
Total	2,839,504	17,902,422	2,648,345	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*	-	166	1,152,567	1,152,733	1,152,733
Accrued expenses and deferred income	-	-	1,423,193	1,423,193	1,423,193
Subordinated liabilities	-	400,688	-	400,688	400,000
Total	-	36,999,750	2,575,760	39,575,510	39,471,185

* The financial instruments measured at fair value in the balance sheet by the bank are derivative instruments.

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

Volvofinans Bank concludes derivative contracts under the International Swaps and Derivatives Association (ISDA) master agreement. No amounts have been offset in the balance sheet. In the case of derivative agreements concluded after 1 March 2017, Volvofinans Bank receives and provides collateral in the form of deposits in accordance with the standard conditions of the ISDA Credit Support Annex. Assets for derivative agreements amount to SEK 24.4 million and liabilities to SEK 0.4 million. As of 30 June 2019, collateral had been received in amounts totalling SEK 18.7 million.



Fair value assets and liabilities per category

Assets

	Amounts in SEK thousand				
	Financial as- sets measured at amortised cost	Derivatives in hedge accounting	Other assets	Total	Fair value
30/06/2019					
Treasury bills eligible as collateral etc.	1,242,779	-	-	1,242,779	1,241,945
Lending to credit institutions	2,698,138	-	-	2,698,138	2,698,138
Lending to the public	17,005,519	-	-	17,005,519	17,034,594
Bonds and other interest-bearing securities	2,463,701	-	-	2,463,701	2,464,009
Shares and participations in associates and other companies	-	-	23,777	23,777	-
Shares and participations in Group companies	-	-	6,742	6,742	-
Intangible fixed assets	-	-	24,304	24,304	-
Property, plant, and equipment: inventory	-	-	6,603	6,603	-
Property, plant, and equipment: lease items	-	-	20,434,071	20,434,071	-
Other assets	791,644	21,084	136,845	949,573	949,573
Prepaid expenses and accrued income	97,505	-	-	97,505	97,505
Total assets	24,299,286	24,410	20,629,016	44,952,712	24,485,764

Liabilities

	Non-financial liabilities	Derivatives in hedge accounting	Other financial liabilities	Total	Fair value
30/06/2019					
Liabilities to credit institutions	-	-	1,650,000	1,650,000	1,666,236
Deposits and borrowing from the public	-	-	21,395,022	21,395,022	21,395,022
Securities issued	-	-	14,204,295	14,204,295	14,435,742
Other liabilities	442,518	-	601,723	1,044,241	1,044,241
Accrued expenses and deferred income	1,297,542	-	96,921	1,394,463	1,394,463
Subordinated liabilities	-	-	400,000	400,000	448,607
Total liabilities	1,740,060		38,347,961	40,088,021	

Assets

	Amounts in SEK thousand				
	Financial as- sets measured at amortised cost	Derivatives in hedge accounting	Other assets	Total	Fair value
30/06/2018					
Treasury bills eligible as collateral 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 fixed 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
Prepaid expenses and accrued income	91,090	-	-	91,090	91,090
Total assets	23,203,003	30,024	20,730,161	43,963,188	

Liabilities

	Non-financial liabilities	Derivatives in hedge accounting	Other financial liabilities	Total	Fair value
30/06/2018					
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
Accrued expenses and deferred income	1,353,180	-	70,013	1,423,193	1,423,193
Subordinated liabilities	-	-	400,000	400,000	400,688
Total liabilities	1,751,163		37,720,022	39,471,185	

NOTE 12. RELATED PARTIES

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

The bank has participations in four companies classified as associates; 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	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018	30/06/2019	30/06/2018
Balance sheet						
Assets	6,742	6,742	80,499	56,709	1,233,185	1,115,821
Liabilities	6,789	6,789	110,790	187,573	286,664	519,546
Income statement						
Interest income	-	-	593	398	2	3
Lease income	-	-	-	-	187,437	156,577
Interest expenses	-	-	-20	-15	-20	-8
Commission income	-	-	-	-	973	953
Other operating income	-	-	1,572	403	-	-
Total	-	-	2,145	787	188,392	157,525

NOTE 13. PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Amounts in SEK thousand		
	30/06/2019	30/06/2018	31/12/2018
Pledged assets	-	-	-
Contingent liabilities	-	44,108	-

Previously reported contingent liabilities refer to a disputed claim from the Swedish Tax Agency concerning non-deductible paid VAT from 2015 onwards. During 2018, Volvofinans Bank AB charged SEK 45.4 million to the income statement under Other operating expenses, which corresponds to the difference between the Swedish Tax Agency's adjusted revenue-based method and the bank's time-based calculation method. Volvofinans Bank continues to contest the decision to deny deduction for VAT paid, and appealed to the Administrative Court in late 2018.

NOTE 14. EVENTS AFTER THE END OF THE PERIOD

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

VOLVOFINANS BANK

Volvofinans Bank AB (publ) • Co. Reg. 556069-0967

Bohusgatan 15 • Box 198 • SE 401 23 Gothenburg

Phone: +46 31-83 88 00 • volvofinans.se