

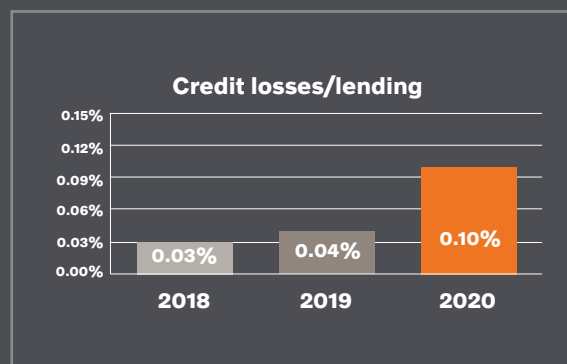
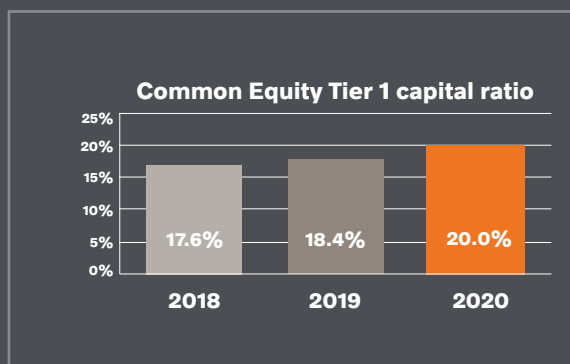
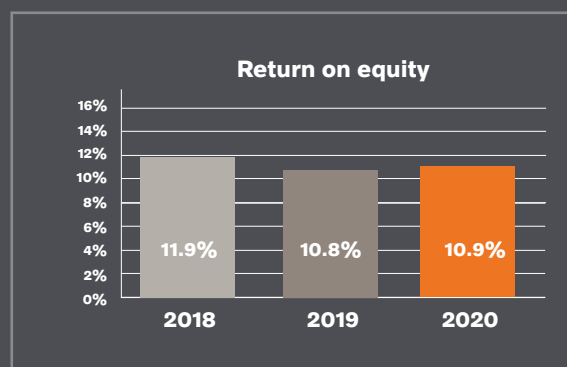
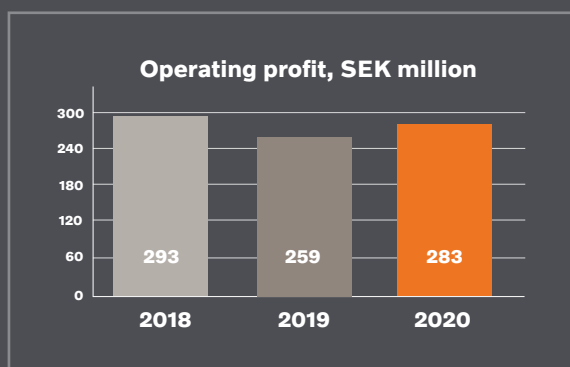


INTERIM REPORT 1 JANUARY – 30 JUNE
2020

VOLVOFINANS BANK

SUMMARY

JANUARY – JUNE 2020



INTRODUCTION AND FINANCIAL STATEMENTS



JAN–JUN 2020 IN SUMMARY

Operating profit:
SEK 283 million (259)

Return on equity:
10.9% (10.8)

Lending as of 30 June:
SEK 37.2 billion (37.4)

Credit losses, net:
SEK 31.9 million (8.2)

Common Equity Tier 1 capital ratio:
20.0% (18.4)

Having passed the halfway mark for 2020, we cannot but note that the world continues to be unrecognisable in the wake of the corona pandemic. In the struggle against the disease and its consequences for society, we've had to adjust our lives. At the time of writing, Sweden is experiencing a clear slowdown. As a bank, we are monitoring developments closely and supporting our customers as best we can, while analysing the impact the pandemic has on our business.

In the light of the above, and with a great deal of pride mixed with a hefty dose of humility, we can report a very strong half-year profit, namely SEK 283 million. In fact, if we discount the major SEK 45 million extraordinary impairment charge dissolution in 2018, its Volvofinans Bank's best half-year performance ever. Return on capital employed improved to 10.9%, historically high for the bank. While higher net interest income explains most of the improvement in earnings, a review of costs conducted during the year also contributed. The performance is all the more impressive if we take into account the impairment charges made for expected future credit losses of SEK 23 million for the period.

The vehicle market has recovered since its lowest points in April. This is especially true of the second-hand market, where a recent increase in demand has brought prices back to the levels that prevailed before the outbreak of the Corona pandemic. Sales of new vehicles, i.e. orders received also increased, but at a slower pace. Volvo had more new vehicle registrations during June and July than the corresponding period in 2019. Although lending in the bank is declining compared with the previous year, the recovery in vehicle sales has slowed the decline and our lending balance increased by SEK 0.2 billion in June.

Swedish Volvo dealers, who as one of our 50% owners constitute both the bank's customers and its partners, have fended off the Corona crisis well so far. In addition to improved sales, capacity utilization in the very important service business was also excellent during March–June. In testimony to the resilience of Volvo Dealers during the crisis, Bilia's report for the second quarter proved to be the listed company's best half-year report ever. Volvo Cars, our other owner and major partner, reported a half-year loss as expected, but forecasts a strong recovery in the second half of the year, which so far looks like being achieved. In

July, global sales increased by 14%. While on the subject of Volvo Cars, which owns 50% of Polestar Automotive, we would like to mention that in the late summer Volvofinans Bank became first in the world to provide customer financing for the new electric Polestar 2 model. In Sweden, the bank provides digital financing, with the entire contract process taking place on the internet.

While orders received for heavy trucks were naturally affected negatively during the pandemic, efforts to maintain business went well out in the dealerships, especially in service and workshop activities. Given the circumstances prevailing during the summer, manufacturer Volvo Trucks reported a very good half-year profit.

All in all, we're resisting the effects of the crisis very well, not only here in the bank, but also out among our owners and partners. As is known, Volvofinans Bank only operates within Sweden's borders, and we now see how very beneficial this has been when comparing the effects total lockdowns have had on the GDPs of other countries during the second quarter. However, it's fundamentally the Bank's unique risk-sharing model and partnerships, i.e. Volvo Dealerships, Volvo Cars, Volvo Trucks, Renault and Volvia, and the competence of our employees – the specialists in our niche bank – that account for our robust resilience in times of crisis. It would require difficult times for extended periods to have any noticeable or tangible impact on the bank's earnings generation.

All we need to do now is roll up our sleeves and work through the difficult but exciting times that remain before the end of the year. We're by no means naive enough to underestimate the magnitude of the crisis, but we remain confident that as the Mobility Bank, we can handle the time

ahead in the best possible way!

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 27 August 2020.

Conny Bergström
CEO
Volvofinans Bank AB



**"All in all, we're
resisting the effects of
the crisis very well"**

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 37.2 billion compared to 37.4 billion in the previous year. Trucks accounted for SEK 3.3 billion (3.2) of lending, equivalent to 9% (9) of the total. Fleet accounted for SEK 7.7 billion (7.2) of lending or 21% (19) and Volvo Card for 4% (5) or SEK 1.6 billion (1.9). The remainder – SEK 24.6 billion (25.1) – is attributable to passenger car financing in Cars, which corresponds to 66% (67) 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 profit and financial position

Profit

The bank's profit after credit losses was SEK 282.6 million (258.5), which is 9% higher than the corresponding period last year. Net interest income is higher than the previous year, mainly due to lower borrowing costs for deposits. The bank's cost-cutting programme reduced its expenses by 3% during the first half of the year. Earnings have been charged with increased impairments due to expected future credit losses of SEK 22.6 million; see section below. During the first half of the year, market prices for used cars were very volatile, and this is reflected in the bank's residual value reserve; see below.

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 9.4 million (12.4) and for loans and leasing SEK 285.0 million (174.2).

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 totalled SEK 273.8 million (170.3) as of the closing date. Deferred loans or loans with renegotiated terms amount to SEK 10.9 million (13.8). Confirmed bad debt losses during the year derive mainly from credit card transactions. Expected credit losses are calculated based on a prospective impairment model, where the calculation takes account of macroeconomic data and behavioural variables. During the first half year, these forecast variables generated impairments for expected credit losses of SEK 23 million.

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 30/06/2020, the bank reported an impairment loss of SEK 55.9 million (70.2) due to the residual value risk, under depreciations, amortisation and impairments of tangible assets. During

the first half of the year, market prices for used cars were very volatile, and this is reflected in the bank's residual value reserve. During the first quarter, the Bank made impairment charges of SEK 12.6 million resulting from lower market prices for used cars due to the Covid-19 outbreak. In the second quarter, market prices for used cars recovered in part, and more lessees also extended their leases, which generated a reverse residual value impairment of SEK 13.1 million. Thus the accumulated dissolution of residual value impairments during the first half of the year amounts to SEK 0.5 million (3.7).

Funding and liquidity

Deposits in the bank's savings account increased by SEK 0.4 billion during the second quarter, to reach a total balance of SEK 20.4 billion (19.9) at the end of the quarter. Total deposits including the credit balance for the Volvo Card and deposits from Volvo dealerships totalled SEK 21.9 billion (21.4) and accounted for 60% (57) of the bank's financing.

The bank's MTN program enables issues in the currencies SEK, NOK and EUR; so-called green bonds may also be issued. Bonds for a value of SEK 1.9 billion were issued during the first half year and own bonds with a nominal amount of SEK 0.8 billion were repurchased. Volvofinans Bank's outstanding financing through its market loan programmes amounted to a nominal SEK 12.5 billion (14.2) as of 30/06/2020.

In addition to market borrowing and deposits, the bank also finances its activities through bank credits, which total SEK 1.3 billion (1.7). The proportion of financing from market loans programmes and the banking sector with remaining terms of more than one year was 71% (73).

On 16 April, Volvofinans Bank was adopted as a temporary monetary policy counterparty to the Swedish Central Bank. As a monetary policy counterparty, Volvofinans Bank is given the opportunity to participate in the Central Bank's programme for lending to non-financial companies, although this financing option was not used during the period.

Borrowing with a remaining period of less than one year together with a proportion of deposits, must be covered at all times by the liquidity reserve and unutilised credit facilities. The total liquidity reserve was SEK 6.0 billion (6.4). The securities holding accounted for SEK 3.5 billion (59%) and non-fixed deposits at other banks totalled SEK 2.5 billion (41%). Volvofinans Bank's liquidity reserve must always be at least 10% in relation to lending volume. As of 30/06/2020, total lending was SEK 37.2 billion, which means the liquidity reserve corresponded to 16% (17). In addition to the liquidity reserve, available and unutilised loan facilities totalled SEK 4.8 billion (4.3).

At the end of the second quarter, Volvofinans Bank's liquidity coverage ratio (LCR) under article 415 of the EU Capital Requirements Regulation (CRR), totalled 261% (294). According to Volvofinans Bank's interpretation of the Basel Committee's recommendation (BCBS295), the Net Stable Funding Ratio (NSFR) was 144% (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. Common Equity Tier 1 capital ratio amounted to 20.0% (18.4) as of 30/06/2020 and the capital requirement was assessed internally to 12.5% (14.7) calculated on the basis of the methods and models used to calculate capital requirement within the framework of Pillar 1. In addition to this, there are capital requirements for a countercyclical capital buffer and a capital conservation buffer. The capital conservation buffer of 2.5% of REA amounted to SEK 517 million (506). The countercyclical buffer was reduced to 0.0% (2.0) as of 16/03/2020 for preventive purposes due to Covid-19.

The leverage ratio was 9.4% (8.3) as of 30/06/2020.

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.

Covid-19

During the first half year, Covid-19 had a global impact in both human and economic terms. Volvofinans Bank's income statement and balance sheet were affected primarily in terms of expected credit losses (ECL). Macroeconomic forecast parameters such as unemployment, the bankruptcy rate and behavioural variables generated impairment charges for expected credit losses of SEK 23 million. In April, BilSweden revised its forecast for new passenger car registrations from 330,000 down to 270,000 cars as a direct result of deteriorating short-

term economic prospects due to Covid-19. Volvo Cars and other car manufacturers closed their factories for several weeks in April, which reduced supply and the possibility of financing new cars in the short term. However, from the middle of May all Volvo factories were in operation, although not at capacity. Because increasing uncertainty in the world economy tends to reduce demand for capital goods, car consumption will probably be lower moving forward than in the past record years. The demand for fuel is also decreasing as a direct result of reduced travel.

Rating

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

- Short-term financing: P-2
- Long-term financing: A3
- Outlook: Negative

On 3 June, the A3/P-2 credit rating was affirmed, while the rating outlook was changed from Stable to Negative. A detailed, up-to-date analysis from Moody's can be found on our website, under About Volvofinans Bank/Investor relations.

Calendar

29 October 2020 Interim Report Jan–Sep

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, 27 August 2020

Urmars Kruusval
Chairman of the Board

Synnöve Trygg
Deputy Chairman of the Board

Per Avander
Board Member

Kristian Elvefors
Board Member

Anders Gustafsson
Board Member

Ann Hellenius
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

	30/06/2020	30/06/2019	31/12/2019
Return on equity, %	10.89	10.76	10.74
Risk capital / Balance sheet total, %	12.99	11.60	12.43
Deposits / Lending, %	58.96	57.15	55.94
Profit / Risk-weighted assets, %	2.73	2.55	2.50
Total capital ratio, %	21.93	20.37	21.29
Common Equity Tier 1 capital ratio, %	19.99	18.40	19.35
Cost/Income ratio	0.45	0.50	0.51
Cost/Income ratio excl. residual value provision	0.45	0.51	0.53
Credit losses / Lending, %	0.10	0.04	0.04
Liquidity coverage ratio (LCR), %	261	294	257
NSFR (Net Stable Funding Ratio), %	144	145	143
Leverage ratio, %	9.4	8.3	9.1

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					
	2020 Q2	2020 Q1	2019 Q2	2020 Jan–Jun	2019 Jan–Jun	2019 Jan–Dec
Interest income	146,734	145,541	137,101	292,275	270,828	544,851
Lease income	1,449,941	1,442,437	1,415,389	2,892,379	2,818,225	5,659,891
Interest expenses	-90,046	-81,657	-82,944	-171,702	-165,657	-335,319
Net interest income, Note 5	1,506,629	1,506,321	1,469,546	3,012,952	2,923,396	5,869,423
Dividend received, Note 6	41	15	269	56	281	308
Commission income	98,664	116,155	108,982	214,818	211,286	439,436
Commission expenses	-11,426	-10,911	-11,669	-22,336	-18,801	-42,169
Net result from financial transactions	-1,729	-821	-861	-2,550	-1,024	851
Other operating income, Note 7	15,670	16,550	17,331	32,220	34,881	68,202
Total operating income	1,607,849	1,627,309	1,583,598	3,235,160	3,150,019	6,336,051
General administration expenses	-113,613	-123,623	-122,406	-237,236	-231,506	-480,027
Depreciation and impairment of tangible and intangible non-current assets, Note 5	-1,319,798	-1,344,026	-1,311,375	-2,663,824	-2,615,930	-5,248,131
Other operating expenses	-8,636	-10,808	-18,032	-19,444	-35,805	-75,821
Total operating expenses	-1,442,047	-1,478,457	-1,451,813	-2,920,504	-2,883,241	-5,803,979
Profit before credit losses	165,802	148,852	131,785	314,656	266,778	532,072
Credit losses, net, Note 8	-7,151	-24,747	-4,308	-31,898	-8,202	-16,041
Impairments/Reversals of financial intangible assets, net	-178	34	65	-144	-66	57
Operating profit	158,473	124,139	127,542	282,614	258,510	516,088
Appropriations	-	-	-	-	-	-498,268
Tax	-33,914	-26,565	-27,294	-60,479	-55,321	-4,661
Profit	124,559	97,574	100,248	222,135	203,189	13,159

Balance sheet highlights

	Amounts in SEK thousand		
	30/06/2020	30/06/2019	31/12/2019
Treasury bills eligible as collateral etc.	1,437,977	1,242,779	1,429,949
Lending to credit institutions	2,468,506	2,698,138	1,281,290
Lending to the public	16,534,885	17,005,519	17,278,081
Bonds and other interest-bearing securities	2,114,775	2,463,701	2,349,552
Shares and participations in associates and other companies	7,925	23,777	11,258
Shares and participations in Group companies	6,742	6,742	6,742
Intangible non-current assets	19,200	24,304	15,060
Tangible assets: inventory	11,491	6,603	12,133
Tangible assets: lease items	20,667,276	20,434,071	20,648,640
Other assets*	805,480	949,573	936,042
Prepaid expenses and accrued income	105,844	97,505	67,246
Total assets, Note 11	44,180,101	44,952,712	44,035,993
Liabilities to credit institutions	1,311,905	1,650,000	1,592,857
Deposits and borrowing from the public	21,934,450	21,395,022	21,216,735
Securities issued	12,741,796	14,204,295	13,091,737
Other liabilities*	1,005,056	1,044,241	1,255,682
Accrued expenses and deferred income	1,391,830	1,394,463	1,306,053
Subordinated liabilities	400,000	400,000	400,000
Total liabilities, Note 11	38,785,037	40,088,021	38,863,064
Untaxed reserves	4,626,458	4,128,190	4,626,458
Equity	768,606	736,501	546,471
Total liabilities and equity	44,180,101	44,952,712	44,035,993
* Of which derivative instruments with positive and negative market values			
Derivative instruments with positive market value	13,631	24,436	11,022
Derivative instruments with negative market value	-71,393	-383	-11,070

Change in equity

	Amounts in SEK thousand				
	Share capital	Restricted equity		Non-restricted equity	Total equity
	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
	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 year	-	-	-	13,159	13,159
Transfer, internally generated development costs	-	-	-6,162	6,162	-
Total before transactions with shareholders	400,000	20,000	15,060	210,015	645,075
Dividend	-	-	-	-98,604	-98,604
Closing equity, 31 December 2019	400,000	20,000	15,060	111,411	546,471
	Share capital	Statutory reserve	Development fund	Retained earnings	Total equity
Opening equity, 1 January 2020	400,000	20,000	15,060	111,411	546,471
Profit for the period after tax	-	-	-	222,135	222,135
Transfer, internally generated development costs	-	-	4,140	-4,140	-
Total before transactions with shareholders	400,000	20,000	19,200	329,406	768,606
Dividend	-	-	-	-	-
Closing equity, 30 June 2020	400,000	20,000	19,200	329,406	768,606

Cash flow statement

	Amounts in SEK thousand		
	2020 Jan–Jun	2019 Jan–Jun	2019 Jan–Dec
Operating activities			
Operating profit	282,614	258,510	516,088
Adjustment of items not included in cash flow			
Unrealised portion of net result from financial transactions	-2,292	-144	1,920
Depreciations, amortisation, impairments	2,663,824	2,615,913	5,248,171
Credit losses	32,006	8,309	14,600
Paid/refunded (-/+) tax	-4,201	-5,584	-3,328
Changes to assets and liabilities in operating activities			
Treasury bills eligible as collateral etc.	-8,028	3,037	-184,133
Lending to the public	726,954	-91,026	-369,907
Bonds and other interest-bearing securities	234,777	-231,734	-117,586
Deposits and borrowing from the public	717,715	3,176,656	3,001,369
Liabilities to credit institutions	-280,952	-433,333	-490,476
Other assets	19,577	-158,970	-66,763
Securities issued	-349,941	-1,328,104	-2,440,662
Other liabilities	-162,556	56,492	177,456
Cash flow from operating activities	3,869,497	3,870,022	5,286,751
Investing activities			
Capitalised development expenditures	-7,492	-5,518	-7,403
Investments in shares and participations	-	-	-3,426
Disposal/redemption of shares and participations	3,333	-	12,946
Disposal of tangible assets	2,554,575	2,443,422	4,682,274
Acquisition of tangible assets	-5,232,697	-5,133,755	-10,213,819
Cash flow from investing activities	-2,682,281	-2,695,851	-5,529,428
Financing activities			
Subordinated liabilities	-	-	-
Dividends paid	-	-98,604	-98,604
Cash flow from financing activities	-	-98,604	-98,604
Cash flow for the period			
Cash and cash equivalents at beginning of period	1,281,290	1,622,571	1,622,571
Cash flow from operating activities	3,869,497	3,870,022	5,286,751
Cash flow from investing activities	-2,682,281	-2,695,851	-5,529,428
Cash flow from financing activities	-	-98,604	-98,604
Cash and cash equivalents at end of period	2,468,506	2,698,138	1,281,290



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 2019 have taken place.

The IBOR reform

In September 2019, the IASB published changes to IAS 39, IFRS 9 and IFRS 7 resulting from ongoing reforms to the current reference interest rates (IBOR). The amendments are obligatory and will apply from 1 January 2020. The changes are mainly due to the requirements for hedge accounting and provide relief in order to maintain hedging conditions despite potential uncertainty factors arising from the IBOR reform. The reform also entails additional information requirements on hedging conditions that are affected by uncertainties in the ongoing reference interest rates reforms:

- Significant exposure to reference interest rates and their extent
- How the bank handles the transition to the new alternative reference interest rates
- Significant assumptions and assessments used by the bank when applying the changes
- The nominal amount on hedge relationships to which relief is applied

The bank has exposure to Stibor and Nibor for derivatives where hedge accounting is not applied. For derivatives where hedge accounting is applied and for other financial instruments, there is only exposure to Stibor. Because the bank does not apply cash flow hedges, no effects should arise in the accounts except possibly when IBOR reforms are fully implemented and have an impact on the bank's derivative agreements and other financial instruments linked to reference interest rates.

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 expected credit losses
- Assessment of the bank's business model for the holding of securities in the liquidity portfolio

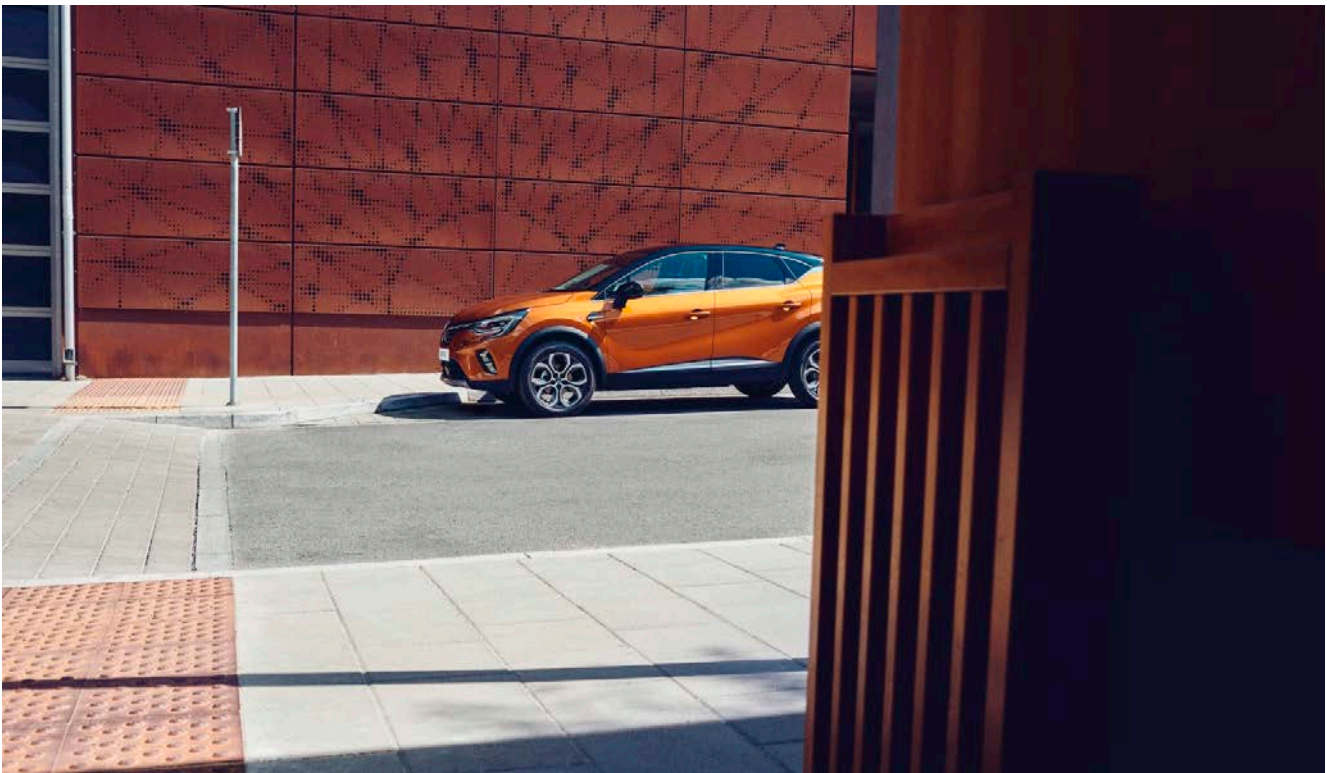
Areas in which uncertainty about estimates may exist are assumptions about credit loss impairment and assessments of the residual value of lease items.

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

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



CARS

Business area Cars comprises two businesses; Sales Finance and Cards/Payments, both aimed at consumers and small companies. Sales Finance finances cars mainly sold by Swedish Volvo and Renault dealers through loans or leasing, often in package solutions that include insurance, a credit card and a service agreement. Under a collaboration with Polestar Automotive Sweden AB – a new car marque owned by Volvo Cars and Geely – a new sales channel was launched in Q2 2020 via Polestar.se where consumers and commercial customers can order cars and sign wholly digital financing agreements with Volvofinans directly on the Internet. The Card/Payments business offers card payments and digital payment solutions via CarPay aimed at creating ease of payment for all vehicle usage requirements anywhere VISA is accepted. The bank's customers can pay for their workshop visits, fuel stops at Tanka and other purchases using Samsung, Google and Apple Pay, thus making life a little easier for our customers and partners.

The new car market in Sweden has remained strong for many years and 2019 was the third best year ever with 356,036 registered new passenger cars. The 2020 new car market was seriously affected by Covid 19, resulting in lower volumes. The credit risk provision was adjusted up due to Covid-19, as expected credit losses are anticipated to increase in the wake of the ongoing pandemic. So far this year, passenger car registrations have decreased by 25.1%. New Volvo, Renault, Dacia and Polestar registrations reached 28,644 cars, equivalent to a market share of 22.8%, of which a high proportion of vehicle financing continues to be through Volvofinans. The bank also notes that the Payments business market has been affected by Covid 19, resulting in lower sales. Happily, the bank notes high inflows into our digital CarPay service, which has now been downloaded by more than 635,000 unique customers.

Product development work is constantly in progress, as are launches of new digital services together with Volvo and Renault dealers, our vehicle manufacturers and other interested parties in the business ecosystem. The digital customer journey during which the financial services are consumed is under constant development, and as with our digital payment solutions, we focus intensely on living up to our customer promise of a smarter car economy.

	Amounts in SEK thousand		
	2020	2019	
	Jan–Jun	Jan–Jun	Change
Net interest*	291,504	262,023	29,481
Dividends received	56	281	-225
Commission income	124,842	129,696	-4,854
Commission expenses	-21,951	-18,355	-3,596
Net result from financial transactions	-1,763	-710	-1,053
Other income	2,726	5,136	-2,410
Operating income	395,415	378,072	17,343
Overhead expenses**	-187,726	-198,481	10,755
Credit losses	-8,849	-7,473	-1,376
Credit risk provision	-6,760	-800	-5,960
Operating profit	192,080	171,317	20,763

* Including depreciation and impairment of lease items.

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

Product information, loans and leasing	30/06/2020	30/06/2019	Change
Number of contracts	197,059	206,034	-8,975
Total volume, SEK million	25,734	26,414	-680
of which transferred, %	93.6	93.4	0.2
of which pledged, %	6.4	6.6	-0.2
of which loans, %	45.8	45.6	0.2
of which leases, %	54.2	54.4	-0.2
Private leasing as a proportion of total leases, %	25.3	26.3	-1.0

Product information, cards	30/06/2020	30/06/2019	Change
Average number of active accounts	398,948	421,921	-22,973
Total volume, SEK million	1,640	1,864	-224
Average number of credit customers	83,841	87,668	-3,827
Total sales Volvo Card, SEK million	6,800	7,369	-569
of which fuel, %	34.6	40.0	-5.4
of which workshop, %	18.6	16.4	2.2
of which retail store, %	1.4	1.5	-0.1
of which car wash, %	0.9	1.4	-0.5
of which sales outside Volvo dealers, %	35.3	31.3	4.0
of which other (incl. car loans and insurance), %	9.3	9.3	0.0

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 has slowed partly as a result of the ongoing Covid-19 pandemic, but in terms of market share, Volvo is maintaining a stable, high level. The bank's financing share of new trucks is stable and more than every other truck is financed via truck loans, financial leases or operational leases. Financing volumes for used vehicles and trailers are at a high level. Credit risk provision has been revised upwards as a result of Covid-19 as expected credit losses are anticipated to increase in the wake of the continuing pandemic.

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 flexible payment methods in general are examples of areas where the bank, together with Volvo Trucks, is creating future conditions for enhanced customer value. eControl is an invoice management service and cost monitoring system for the Swedish marketplace and mainly marketed to small and medium-size hauliers. eControl and a financing solution based on driven kilometres are examples of the development in progress at the bank aimed at offering Volvo customers smarter trucking economy to boost haulier profitability.

	Amounts in SEK thousand		
	2020 Jan–Jun	2019 Jan–Jun	Change
Net interest*	26,904	22,069	4,835
Commission income	5,341	5,426	-85
Commission expenses	-75	-106	31
Net result from financial transactions	-256	-101	-155
Other income	11	90	-79
Operating income	31,925	27,378	4,547
Overhead expenses**	-15,126	-18,315	3,189
Credit losses	-273	-56	-217
Credit risk provision	-353	74	-427
Operating profit	16,173	9,080	7,093

* Including depreciation and impairment of lease items.

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

Product information, loans and leasing	30/06/2020	30/06/2019	Change
Number of contracts	6,466	6,618	-152
Total volume, SEK million	4,149	4,156	-7
of which transferred, %	79.3	77.2	2.1
of which pledged, %	20.7	22.8	-2.1
of which loans, %	77.4	77.1	0.3
of which leases, %	22.6	22.9	-0.3
Operational leasing as a proportion of total leases, %	23.0	26.6	-3.6



FLEET

In the Fleet segment, the bank provides vehicle-fleet 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.

In recent years, business area Fleet has enjoyed a market-leading position. As of June 2020, Fleet remains the market leader with 22.4%. The number of agreements has risen by around 2% compared to the same period last year. The majority of the new contracts were in the operational leasing category. The used vehicle market has been volatile during the prevailing Covid 19 pandemic, but following an initial decline it began to recover, which led to the dissolution of earlier residual value impairments. Accumulated dissolutions this year amount to SEK 1.2 million. Credit risk provision has been revised upwards as a result of Covid-19 as expected credit losses are anticipated to increase in the wake of the continuing pandemic.

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

	Amounts in SEK thousand		
	2020	2019	
	Jan–Jun	Jan–Jun	Change
Leasing, net*	34,865	23,477	11,388
Change in residual value impairment	1,151	3,723	-2,572
Commission income	84,635	76,164	8,471
Commission expenses	-310	-341	31
Net result from financial transactions	-531	-213	-318
Service and repair contracts	29,312	29,243	69
Other income	171	412	-241
Operating income	149,293	132,466	16,827
Overhead expenses**	-59,125	-54,340	-4,785
Credit losses	-367	-	-367
Credit risk provision	-15,440	-13	-15,427
Operating profit	74,361	78,113	-3,752

* Including depreciation and impairment of lease items.

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

Product Information	30/06/2020	30/06/2019	Change
Number of financing contracts	35,810	34,659	1,151
Number of administered contracts	48,020	46,913	1,107
Total volume, SEK million	7,673	7,181	492
of which operational leases, %	69.6	68.2	1.4
of which financial leases, %	30.4	31.8	-1.4

NOTE 4. DISCLOSURES, LOANS AND LEASES

30/06/2020	Loans	Leasing	Total
Number of contracts	124,788	122,912	247,700
Average contract, SEK thousand	120	189	154
Collateral value, SEK million	14,993	23,202	38,195
Credit utilised, SEK million	14,575	20,780	35,355
Loan-to-value ratio	97	90	93

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

NOTE 5. LEASE INCOME AND ACCUMULATED NET INTEREST INCOME

	Amounts in SEK thousand					
	2020 Q2	2020 Q1	2019 Q2	2020 Jan–Jun	2019 Jan–Jun	2019 Jan–Dec
Lease income from operational and financial leases	1,449,941	1,442,437	1,415,389	2,892,379	2,818,225	5,659,891
Depreciations, leased items	-1,330,185	-1,328,798	-1,310,478	-2,658,983	-2,615,811	-5,247,991
Change in residual value impairment, leased items	13,070	-12,615	1,411	455	3,723	17,503
Leasing, net	132,826	101,024	106,311	233,851	206,120	429,403
Interest income	146,734	145,541	137,101	292,275	270,828	544,851
Interest expenses	-90,046	-81,657	-82,944	-171,702	-165,657	-335,319
Net interest	56,688	63,884	54,157	120,573	105,171	209,531
Accumulated net interest income	189,514	164,908	160,468	354,424	311,292	638,934

NOTE 6. DIVIDENDS RECEIVED

	Amounts in SEK thousand		
	2020 Jan–Jun	2019 Jan–Jun	2019 Jan–Dec
Cash dividend Visa Sweden association	56	281	308
Total	56	281	308

NOTE 7. OTHER OPERATING INCOME

	Amounts in SEK thousand		
	2020 Jan–Jun	2019 Jan–Jun	2019 Jan–Dec
Capital gains on the sale of tangible assets	363	582	808
Revenues, service and repair contracts	29,309	29,243	56,572
Income from associated companies	673	1,572	3,426
Other operating income	1,875	3,484	7,396
Total	32,220	34,881	68,202

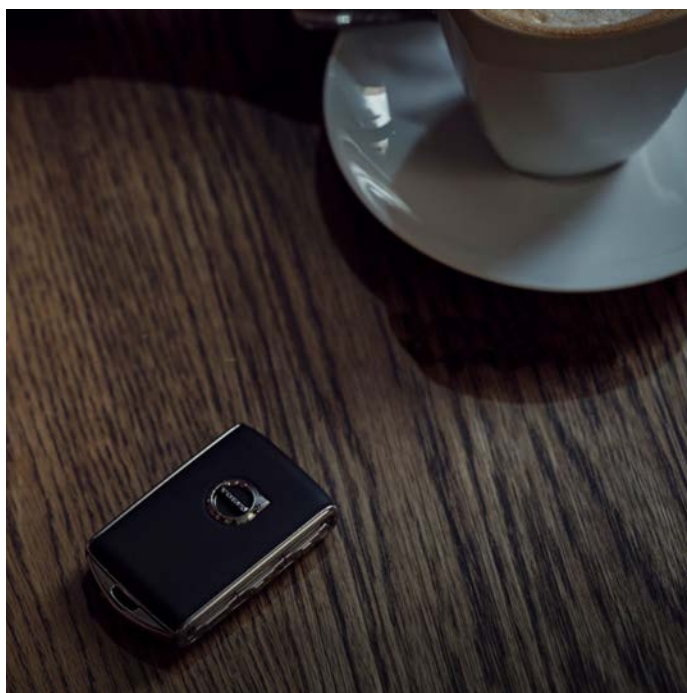
NOTE 8. CREDIT LOSSES, NET

	Amounts in SEK thousand		
	30/06/2020	30/06/2019	31/12/2019
Assets at amortised cost (incl. unused part of limit)			
Provisions – stage 1	17,818	9,889	9,632
Provisions – stage 2	12,563	8,248	8,203
Provisions – stage 3	16,234	6,052	6,371
Total reserve	46,615	24,189	24,206
	2020 Jan–Jun	2019 Jan–Jun	2019 Jan–Dec
Assets at amortised cost (incl. unused part of limit)			
Change in provisions – stage 1	-8,187	-482	-222
Change in provisions – stage 2	-4,360	144	200
Change in provisions – stage 3	-9,863	-335	-638
Total change in provisions	-22,410	-673	-660
Write-off, confirmed credit losses	-10,462	-8,719	-17,658
Recoveries of previously confirmed credit losses	974	1,190	2,277
Total	-9,488	-7,529	-15,381
Credit losses, net	-31,898	-8,202	-16,041

During Q2 2020, the bank's provision for expected credit losses increased as a result of Covid-19. Macro-economic forecasting parameters in the bank's ECL model such as unemployment, bankruptcy rate and disposable income account for the change in all material respects.

NOTE 9. LEVERAGE RATIO

	Amounts in SEK thousand		
	30/06/2020	30/06/2019	31/12/2019
Tier 1 capital	4,132,176	3,727,348	3,989,768
Exposure measurement	43,895,724	44,750,950	43,609,241
Leverage ratio, %	9.41	8.33	9.15



NOTE 10. CAPITAL ADEQUACY ANALYSIS

CAPITAL BASE

	Amounts in SEK thousand		
	30/06/2020	30/06/2019	31/12/2019
Common Equity Tier 1 capital: instruments and reserves			
Capital instruments and the related share premium accounts	400,000	400,000	400,000
Retained earnings	273,872	241,415	111,411
Accumulated other comprehensive income (and other reserves)	3,675,596	3,289,046	3,671,456
Common Equity Tier 1 capital before regulatory adjustments	4,349,468	3,930,461	4,182,867
Common Equity Tier 1 capital: regulatory adjustments			
Intangible assets	-19,200	-24,304	-15,060
Negative amounts resulting from the calculation of expected loss amount	-198,007	-178,784	-178,017
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-85	-25	-22
Total regulatory adjustments to Common Equity Tier 1	-217,292	-203,113	-193,099
Common Equity Tier 1 capital	4,132,176	3,727,348	3,989,768
Tier 2 capital: instruments and provisions			
Capital instruments and the related share premium accounts	400,000	400,000	400,000
Tier 2 capital	400,000	400,000	400,000
Total capital (Common Equity Tier 1 capital + Tier 2 capital)	4,532,176	4,127,348	4,389,768
Total risk-weighted assets	20,668,259	20,257,724	20,617,467

CAPITAL RATIOS AND BUFFERS

	Amounts in SEK thousand		
	30/06/2020	30/06/2019	31/12/2019
Risk-weighted assets	20,668,259	20,257,724	20,617,467
Common Equity Tier 1 capital ratio, %	19.99	18.40	19.35
Tier 1 capital, %	21.93	20.37	21.29
Total capital ratio, %	21.93	20.37	21.29
Institution-specific Common Equity Tier 1 capital requirements including buffer requirements, %	7.00	9.00	9.50
of which requirement for capital conservation buffer, %	2.50	2.50	2.50
of which requirement for countercyclical buffer, %	-	2.00	2.50
Total capital requirement, %	12.54	14.65	15.15
Common Equity Tier 1 capital ratio available for use as a buffer, %	15.49	13.90	14.36
Common Equity Tier 1 capital ratio available for use as a buffer	3,202,104	2,815,750	2,960,571

INTERNAL ASSESSED CAPITAL REQUIREMENT

	30/06/2020			30/06/2019			31/12/2019		
	Capital requirement	Capital requirement / Total REA	Of which	Capital requirement	Capital requirement / Total REA	Of which	Capital requirement	Capital requirement / Total REA	Of which
			CET1 requirements / REA			CET1 requirements / REA			CET1 requirements / REA
Credit risk	1,505,616	7.3%	4.1%	1,489,891	7.4%	4.1%	1,501,424	7.3%	4.1%
Operational risk	146,522	0.7%	0.4%	128,654	0.6%	0.4%	146,522	0.7%	0.4%
CVA risk	1,322	0.0%	0.0%	2,074	0.0%	0.0%	1,451	0.0%	0.0%
Pillar 1 capital requirement	1,653,461	8.0%	4.5%	1,620,619	8.0%	4.5%	1,649,397	8.0%	4.5%
Concentration risk	273,304	1.3%	0.9%	290,293	1.4%	1.0%	294,797	1.4%	1.0%
Strategic risk	82,673	0.4%	0.3%	81,031	0.4%	0.3%	82,470	0.4%	0.3%
Interest rate risk	65,000	0.3%	0.2%	65,000	0.3%	0.2%	65,000	0.3%	0.2%
Pillar 2 capital requirement	420,977	2.0%	1.4%	436,324	2.2%	1.5%	442,267	2.1%	1.4%
Capital conservation buffer	516,706	2.5%	2.5%	506,443	2.5%	2.5%	515,437	2.5%	2.5%
Countercyclical capital buffer	0	0.0%	0.0%	405,154	2.0%	2.0%	515,437	2.5%	2.5%
Combined buffer requirements	516,706	2.5%	2.5%	911,597	4.5%	4.5%	1,030,874	5.0%	5.0%
Capital requirements	2,591,144	12.5%	8.3%	2,968,540	14.7%	10.5%	3,122,538	15.1%	10.9%
Capital base	4,532,176	-	-	4,127,348	-	-	4,389,768	-	-
Capital surplus	1,941,032	-	-	1,158,808	-	-	1,267,230	-	-

The bank has a permit from the Swedish Financial Supervisory Authority to count interim profit as Common Equity Tier 1 capital.

CAPITAL REQUIREMENT AND RISK-WEIGHTED EXPOSURE AMOUNT

	30/06/2020			30/06/2019			31/12/2019		
	Capital requirement	Risk-weighted exposure amount	Average risk	Capital requirement	Risk-weighted exposure amount	Average risk	Capital requirement	Risk-weighted exposure amount	Average risk
			weighting			weighting			weighting
Credit risk IRB									
Corporate exposures	491,361	6,142,013	70.8%	491,508	6,143,847	69.3%	535,620	6,695,250	70.4%
Retail exposures	564,162	7,052,031	22.1%	556,479	6,955,984	21.5%	558,213	6,977,663	21.6%
Non credit-obligation assets exposure	328,782	4,109,780	100.0%	326,756	4,084,452	100.0%	322,735	4,034,183	100.0%
Total IRB	1,384,306	17,303,824	38.7%	1,374,743	17,184,283	37.9%	1,416,568	17,707,097	38.7%
Credit risk STD									
Exposures to central governments or central banks	-	-	-	-	-	-	-	-	-
Exposures to provincial or regional government bodies or local authorities	-	-	-	-	-	-	-	-	-
Exposures to public sector	564	7,050	100.0%	448	5,597	100.0%	543	6,793	100.0%
Exposures to institutions	41,599	519,982	20.0%	44,438	555,471	20.0%	21,784	272,299	20.0%
Company exposures	33,192	414,894	96.8%	19,463	243,288	95.4%	18,655	233,185	92.9%
Retail exposures	26,639	332,984	66.7%	30,560	382,004	67.2%	28,984	362,294	66.7%
Exposures in default	1,236	15,445	150.0%	175	2,193	150.0%	267	3,335	150.0%
Covered bonds	11,323	141,539	10.0%	13,110	163,871	10.0%	11,325	141,561	10.0%
Share exposures	1,173	14,667	100.0%	2,442	30,520	100.0%	1,440	18,000	100.0%
Other items	5,585	69,811	100.0%	4,512	56,402	100.0%	1,859	23,233	100.0%
Total STD	121,310	1,516,373	23.0%	115,148	1,439,345	21.5%	84,856	1,060,701	20.3%
Total	1,505,615	18,820,197	36.7%	1,489,891	18,623,628	35.8%	1,501,424	18,767,798	36.8%
Operational risk	146,522	1,831,531	-	128,654	1,608,170	-	146,522	1,831,531	-
Credit value adjustment (CVA)	1,322	16,531	-	2,074	25,926	-	1,451	18,138	-
Total minimum capital requirement and risk-weighted exposure amount	1,653,461	20,668,259	-	1,620,619	20,257,724	-	1,649,397	20,617,467	-

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 3) to determine fair value according to IFRS 13.

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

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. Following a study and analysis of views, the bank has changed its opinion regarding the categories lending to the general public, liabilities to credit institutions and deposits and borrowing from the public, and the table below has been amended accordingly.

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.

				Amounts in SEK thousand	
	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Assets, Jan – Jun 2020					
Treasury bills eligible as collateral etc.	1,436,008	-	-	1,436,008	1,437,977
Lending to credit institutions	-	-	2,468,506	2,468,506	2,468,506
Lending to the public	-	-	17,064,160	17,064,160	16,534,885
Bonds and other interest-bearing securities	1,415,058	699,388	-	2,114,446	2,114,775
Other assets*	-	13,631	791,849	805,480	805,480
Prepaid expenses and accrued income	-	-	105,844	105,844	105,844
Total	2,851,066	713,019	20,430,359	23,994,444	23,467,467
Liabilities, Jan – Jun 2020					
Liabilities to credit institutions	-	-	1,329,849	1,329,849	1,311,905
Deposits and borrowing from the public	-	-	21,934,500	21,934,500	21,934,450
Securities issued	-	12,706,730	-	12,706,730	12,741,796
Other liabilities*	-	71,393	933,663	1,005,056	1,005,056
Accrued expenses and deferred income	-	-	1,391,830	1,391,830	1,391,830
Subordinated liabilities	-	384,577	-	384,577	400,000
Total	-	13,162,700	25,589,842	38,752,542	38,785,037
Assets, Jan – Jun 2019					
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	849,433	20,755,374	24,485,764	24,457,215
Liabilities, Jan – Jun 2019					
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	-	14,884,732	25,499,579	40,384,311	40,088,021

* 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 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 13.6 million and liabilities to SEK 71.4 million. Securities in the amount of SEK 3.5 million were received and assets of SEK 67.4 million were pledged as of 30 June 2020.



Fair value assets and liabilities per category

Amounts in SEK thousand					
Assets	Financial assets measured at amortised cost	Derivatives in hedge accounting	Other assets*	Fair value	
				Total	Fair value
30/06/2020					
Treasury bills eligible as collateral etc.	1,437,977	-	-	1,437,977	1,436,008
Lending to credit institutions	2,468,506	-	-	2,468,506	2,468,506
Lending to the public	16,534,885	-	-	16,534,885	17,064,160
Bonds and other interest-bearing securities	2,114,775	-	-	2,114,775	2,114,446
Shares and participations in associates and other companies	-	-	7,925	7,925	-
Shares and participations in Group companies	-	-	6,742	6,742	-
Intangible non-current assets	-	-	19,200	19,200	-
Tangible assets: inventory	-	-	11,491	11,491	-
Tangible assets: lease items	-	-	20,667,276	20,667,276	-
Other assets	619,261	13,567	172,652	805,480	805,480
Prepaid expenses and accrued income	105,844	-	-	105,844	105,843
Total assets	23,281,248	13,567	20,885,286	44,180,101	
Liabilities					
Liabilities	Non-financial liabilities	Derivatives in hedge accounting	Other financial liabilities**	Fair value	
				Total	Fair value
30/06/2020					
Liabilities to credit institutions	-	-	1,311,905	1,311,905	1,329,849
Deposits and borrowing from the public	-	-	21,934,450	21,934,450	21,934,500
Securities issued	-	-	12,741,796	12,741,796	12,706,730
Other liabilities	365,246	16	639,794	1,005,056	1,005,056
Accrued expenses and deferred income	1,301,836	-	89,994	1,391,830	1,391,830
Subordinated liabilities	-	-	400,000	400,000	384,577
Total liabilities	1,667,082	16	37,117,939	38,785,037	

* Non-hedged derivatives amounting to 64 are included in the item other assets.

** Non-hedged derivatives amounting to 71,376 are included in the item other liabilities.

Amounts in SEK thousand					
Assets	Financial assets measured at amortised cost	Derivatives in hedge accounting	Other assets*	Fair value	
				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 non-current assets	-	-	24,304	24,304	-
Tangible assets: inventory	-	-	6,603	6,603	-
Tangible assets: 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	20,632,342	44,952,712	
Liabilities					
Liabilities	Non-financial liabilities	Derivatives in hedge accounting	Other financial liabilities**	Fair value	
				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	

* Non-hedged derivatives amounting to 3,352 are included in the item other assets.

** Non-hedged derivatives amounting to 383 are included in the item other liabilities.

NOTE 12. RELATED PARTIES

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

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

	Group companies		Associates		Other related companies	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Balance sheet						
Assets	6,742	6,742	27,445	80,499	1,131,497	1,233,185
Liabilities	6,789	6,789	109,745	110,790	304,255	286,664
Income statement						
Interest income	-	-	511	593	-	2
Lease income	-	-	-	-	118,305	187,437
Interest expenses	-	-	-57	-20	-67	-20
Commission income	-	-	-	-	583	973
Other operating income	-	-	673	1,572	-	-
Total	-	-	1,127	2,145	118,821	188,392

NOTE 13. EVENTS AFTER THE END OF THE PERIOD

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



VOLVOFINANS BANK

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