

INTERIM REPORT 2013

1 JANUARY

30 JUNE

VOLVOFINANS BANK AB



**VOLVOFINANS**

# MESSAGE FROM THE PRESIDENT

The signs of positive development in the global economy which could be detected in the first quarter have continued and become clearer during the second quarter. The world's stock exchanges have generally seen a positive trend and long-term interest rates are rising. The US economy is improving and the central bank has indicated that support measures may be coming to an end.

Central and Southern Europe are experiencing a weak positive economic trend, although there remains the risk of the euro crisis flaring up. The situation in Greece appears to have stabilised somewhat and the risk of an exit from the euro has reduced.

In Sweden, recent statistics show that the economic climate is steadily improving. Volvofinans Bank is able to confirm this, based on the status reports we are receiving from the Swedish Volvo dealerships.

The passenger car market, measured in terms of the number of registrations, has declined during the first half of the year by almost 10%, totalling 128,900 vehicles. This means that the second quarter has performed better and the rate of decline has slowed compared with the first quarter. Volvo has improved its market share during the period, which is now at almost 20%. Greater market shares combined with an upgraded model mix also mean higher average lending per vehicle. On the market for light commercial vehicles, both Ford and Renault increased their market shares in a total market that fell by almost 10% in the first half of the year. The market for used vehicle sales, measured in terms of vehicles less than 10 years old, remains strong and showed an increase of 2.5% on the previous year.

For heavy goods vehicles (>16 tonnes), Volvo has recently launched a range of models which has been very successful, resulting in full order books. The Volvo dealerships have been able to sell both the old and the new model ranges, which is good for profitability. The total market, measured in terms of registrations, has fallen, however, by 23% compared with the previous year.

The service market is defined as the Volvo aftermarket with sales of garage services, spare parts, tyres, accessories and fuels. It remained stable during the period and generated an unchanged strong service result for the Volvo dealerships.

First-half profit was just under SEK 132 million, which is an improvement of SEK 16.7 million on the previous year. Profit benefited from better margins, despite falling interest rates, compared with the previous year. Volvofinans also took the opportunity to exercise early redemption of certain MTN bonds in order to extend

the maturity of the debt portfolio and improve future net interest.

Volvofinans Bank continues to strengthen its balance sheet, with a high proportion of deposits, a strong capital base and a large liquidity reserve. The company's public deposits account for 50% of the bank's total financing requirements. The capital base of more than SEK 3 billion gives a core capital ratio of over 18.5%. The liquidity reserve was SEK 3.8 billion at the end of the first half of the year and accounts for just over 40% of the company's outstanding market borrowing.

Lending volumes have fallen by SEK 0.5 billion compared to last year. This fall is largely due to trucks, which has seen increased competition and efforts to improve sales margins. Credit card credit has fallen by 6%, which is the result of a contraction in the fuel market in Sweden over the past year.

Our leasing flow for passenger cars is increasing, however, whilst preserving margins, as a result of major sales campaigns on the corporate market.

Total credit losses for the first half remain very low at SEK 12.7 million (SEK 13.2 million). As previously, sales financing operations show no losses, which proves that our business model with the Swedish Volvo dealerships (where the dealerships bear the credit risk) works regardless of the economic climate.

In summary, I would like to confirm that Volvofinans Bank AB, with its strong capital base and large liquidity reserve, remains in a good position. During the autumn, we will be examining how we can implement a controlled expansion in the future within our business areas. The bank occupies a unique position in the automotive industry and sees great opportunities in continuing to develop niche products and services, together with our strong owners.

Conny Bergström  
President  
Volvofinans Bank AB

The information contained in this report is that which Volvofinans Bank AB (publ), corporate ID no. 556069-0967 is obliged to publish in accordance with the Swedish Securities Market Act (SFS 2007:528). This report was submitted for publication at 4.15 p.m. on 23 August 2013.

# FACTS ABOUT VOLVOFINANS BANK

## **BUSINESS MISSION**

The primary task of Volvofinans Bank is to actively support sales of products marketed by Volvo and Renault dealers on the Swedish market by providing product and sales financing, while reporting favourable earnings.

## **MARKET ACTIVITIES**

The aim of providing our customers with economical, convenient vehicle ownership is reflected in the products we offer:

- Loans for and leasing of new and used vehicles that are sold by Swedish Volvo dealerships.
- Loans and leasing for the truck market.
- Volvo Card – car ownership card for both companies and private individuals.
- Vehicle fleet administration and financing for large vehicle fleets.
- Volvo Truck Card – simplifying cost management for hauliers.
- Personnel car – a simple way of offering employees a company car solution.
- Savings account with attractive interest and free withdrawals.



# FINANCIAL REPORTS

## OWNERSHIP/OPERATIONS

Since its establishment in 1959, Volvofinans Bank has been 50% owned by Swedish Volvo dealerships via their holding company AB Volverkinvest. The Sixth Swedish National Pension Fund (AP-fonden) owns 40% and Volvo Car Corporation (Volvo Personvagnar AB) 10%.

The primary task of Volvofinans Bank is to actively support sales of products marketed by Volvo dealers on the Swedish market by providing product and sales financing, while reporting favourable earnings.

Volvofinans Bank AB is the parent company in a Group with a dormant subsidiary. Based on chapter 7, section 6a of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), as of 31 December 2010 Volvofinans does not prepare consolidated accounts as activities in the subsidiary are of negligible value.

## VOLUMES/LENDING

Sales of new passenger cars in Sweden fell by 10% compared with the same period in the previous year. In total, 128,900 (142,633) passenger vehicles were registered. The number of Volvo, Renault and Ford registrations was 36,515 (39,500), and their combined market share was 28% (28).

44% (42) of all passenger car business, new and used, within the Swedish Volvo dealerships generates a financial contract with Volvofinans Bank. New and used vehicle penetration is 50% and 38% respectively. Volvofinans Bank finances the Swedish Volvo dealers' truck sales, apart from those that take place through the AB Volvo-owned Volvo Truck Centre. Penetration for new trucks was 43% (41).

The total contract portfolio (loan and leasing contracts) amounted to 194,509 contracts (197,232). The truck and bus element of the contract portfolio totalled 6,230 contracts (7,906), which is 3% of the total.

The number of corporate customers for whom Svensk Vagnparksfinans manages the car administration has increased. Administration with cost follow-up was being provided for 34,689 (32,586) cars at the end of the reporting period, an increase of 6%.

Goods and services purchased using the Volvo Card totalled SEK 5.3 billion and the number of accounts actively purchasing is half a million per month. Goods and services to a value of SEK 232 million were purchased using the 24,700 Volvo Truck Cards.

The lending volume was SEK 24.4 billion, compared with SEK 24.9 billion in the previous year. The truck and bus share of lending was SEK 2.3 billion (3.3), which corresponds to 9% of total lending.

Volvofinans Bank's operating segments are the passenger car market and the truck market. The passenger car market segment includes financing for passenger cars through loans and leases, vehicle administration and the Volvo Card. The truck market segment includes financing for trucks and buses as well as the Volvo Truck Card. The operating income, operating profit, number of contracts and lending volume for Volvofinans Bank's lines of business are presented below. Operating income is defined as the net of interest income, interest expenses, leasing net, dividends received, net result of financial transactions, commission income and commission expenses. Expenses are defined as general administration expenses and other operating expenses. Volvofinans Bank is of the opinion that it is not relevant to divide up its liabilities among the various segments. Borrowing is determined by the total requirement and cannot be attributed to a specific segment.

Jan - June 2013	Cars	Trucks	Total
Number of contracts (average)	221,874	6,294	228,168
Lending volume, SEK million (average)	24,898	2,891	27,789
Operating revenue, SEK thousand	286,248	13,976	300,224
Expenses, SEK thousand	-148,575	- 7,078	-155,653
Credit losses, net, SEK thousand	-12,439	- 252	- 12,691
Operating profit, SEK thousand	125,234	6,646	131,880

Jan - June 2013	Loans	Leases	Total
Number of contracts	110,592	83,917	194,509
Average contract, SEK thousand	99	166	128
Collateral value, SEK million	10,961	13,963	24,924
Drawn credit, SEK million	10,261	12,148	22,409
Collateral value, %	94	87	90
Market value, SEK million	13,766	12,230	25,996
Surplus, SEK million	3,505	82	3,587
Surplus, %	34	1	16

## RESULTS

Volvofinans Bank's profit before credit loss expenses is SEK 144.6 million (128.4). Profit has been affected by low interest rate levels, the cost of the liquidity reserve, deposits and a lower cost by SEK 9.4 million for "Net result of financial transactions". Profit for the period increased by 15% to SEK 131.9 million (115.2).

## CREDIT RISKS AND CREDIT LOSSES

Credit risk continues to be very low as most of the credit risk and residual value risk is borne by the Volvo dealers. Problem credits are all receivables that are overdue by more than 90 days. Volvofinans Bank's problem credits for credit card receivables total SEK 9.1 million (99.6) and for loan and lease lending SEK 183.6 million (187.5). The reduction in problem credits for credit card receivables is explained by the fact that Volvofinans Bank no longer runs the debt collection activities itself. With regard to loan and leasing lending, in addition to the collateral in the financed items, there are recourse agreements in place meaning that the dealers bear the credit risk for the majority, SEK 171.6 million. There are no loans for which interest concessions have been agreed and no property has been received to provide security for receivables. The credit losses incurred refer to credit card transactions. Anticipated credit loss impairment for the retail segment is determined using statistical risk models and for the corporate segment by means of a manual review.

	Amounts in SEK thousand	
	Jan - June 2013	Jan - June 2012
<b>Credit losses, net</b>		
<b>Individually valued receivables</b>		
Write-off of confirmed credit losses for the period	-10,796	-14,044
Reversal/impairment for the period	-4,182	-176
Received from previous years' confirmed credit losses	935	49
Reversal of previously recognised impairment loss	315	1,275
<b>Net cost for individually valued receivables for the period</b>	<b>-13,728</b>	<b>-12,896</b>
<b>Group valued receivables</b>		
Reversal/impairment for the period	1,037	-309
<b>Credit losses, net</b>	<b>-12,691</b>	<b>-13,205</b>

## CAPITAL PROCUREMENT

The financing requirement during the second quarter has been covered largely by increased public deposits. No bond issues were carried out.

At the end of the first half, outstanding financing via Volvofinans Bank's market loans programme amounted to a nominal SEK 9.1 billion, compared to SEK 9.8 billion the previous year. In addition to market borrowing, operations were financed through bank loans, in the amount of SEK 1.7 billion (2.8). The proportion of long-term financing, with a remaining period greater than one year, was 63% (75) at the report date.

The number of savings account customers continues to increase and the second quarter also saw a major increase in the volume of deposits. As at 30 June, public deposits totalled SEK 12.7 billion (10.6), with a second-quarter increase of SEK 0.8 billion. Deposits accounted for 54% (45) of the bank's financing.

## FINANCIAL RISKS

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

Liquidity risk is the risk that Volvofinans Bank's payment obligations cannot be met on maturity without significant costs in terms of the means of payment or – in a worst-case scenario – cannot be met by any means. To deal with liquidity instability, Volvofinans Bank has not only a liquidity reserve, with high-quality liquid securities and unrestricted deposits in another bank, as well as agreed credit facilities that can be utilised at short notice.

Borrowing with a remaining period of less than one year together with a proportion of deposits must be covered at all times by the liquidity reserve and undrawn credit facilities.

At 30 June, the liquidity reserve totalled SEK 3.8 billion (3.4), of which deposits at other banks constituted SEK 1.9 billion (50%) and the securities component SEK 1.9 billion (50%). Volvofinans Bank's liquidity reserve must be no less than 5% of lending at all times. At the end of the first half this proportion was 15% (14). In addition to the liquidity reserve, unutilised available loan facilities totalled SEK 4.6 billion (6.4).

Volvofinans Bank's liquidity coverage ratio, as stipulated by the Swedish Financial Supervisory Authority, was 256% at 30 June.

Interest rate risk is the current and future risk that net interest income declines as a result of unfavourable changes in the interest rate. The vast majority of Volvofinans Bank's lending and all borrowing follow the short-term market interest rate, which involves a limited interest rate risk.

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

## RATING

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

- Short-term financing: P-2
- Long-term financing: Baa2

You will find a detailed analysis from Moody's on our website, [volvofinans.se](http://volvofinans.se)

## CAPITAL ADEQUACY

Capital adequacy means that capital requirements are connected to the total risk profile of the institute, which in the case of Volvofinans Bank entails a lower minimum capital requirement. Volvofinans Bank calculates the capital requirement for credit risk using the standardised method, which means that all exposures are allocated to one of fifteen exposure categories with a different risk weighting for each category. Since June 2011, the retail portfolio's credit risk has been calculated in accordance with IRB. The capital requirement for operational risk is calculated using the base indicator method, which means that the capital requirement is 15% of the average operating income for the last three financial years.

## EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred since the balance sheet date.

## INTERIM REPORT

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

Gothenburg, August 2013

Urmás Kruusval  
Chairman of the Board of Directors

Tommy Andersson  
Board Member

Anders Gustafsson  
Board Member

Bob Persson  
Board Member

Per Avander  
Board Member

Christina Brinck  
Board Member

Conny Bergström  
President

## CALENDAR

15 November 2013      Interim Report January-September

21 February 2014      Year-end Report 2013

The reports will be available for viewing on our website:  
[volvofinans.se](http://volvofinans.se)

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

This report has not been the subject of special examination by the  
company's auditors.

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

## CAPITAL ADEQUACY

Amounts in SEK million

	30/06/2013	30/06/2012
<b>Risk-weighted assets</b>		
Credit Risk IRB (retail)	6,943	6,655
Credit risk according to standardised method	6,629	7,137
Operational risk according to the base indicator method	1,046	1,006
<b>Total risk-weighted assets</b>	<b>14,617</b>	<b>14,799</b>
Adjustment for floor rules during the introductory phase of Basel II	1,846	2,378
<b>Total risk-weighted assets</b>	<b>16,463</b>	<b>17,176</b>
<b>Capital adequacy</b>		
Core capital	3,058	2,871
Supplementary capital	-	-
<b>Capital base</b>	<b>3,058</b>	<b>2,871</b>
<b>Capital adequacy without transitional rules</b>		
Risk-weighted assets	14,617	14,799
Capital requirement, credit risk IRB (retail)	555	532
Capital requirement, credit risk in accordance with the standardised method	530	571
Capital requirement, operational risk	84	81
<b>Total minimum capital requirement without transitional rules</b>	<b>1,169</b>	<b>1,184</b>
Capital adequacy ratio	2.62	2.43
Capital adequacy level, %	20.92	19.40
Core capital ratio, %	20.92	19.40
<b>Capital adequacy with transitional rules</b>		
Risk-weighted assets	16,463	17,176
Capital requirement, credit risk IRB (retail)	555	532
Capital requirement, credit risk in accordance with the standardised method	530	571
Capital requirement, operational risk	84	81
Capital requirement, adjustment for floor rules	148	190
<b>Total minimum capital requirement with transitional rules</b>	<b>1,317</b>	<b>1,374</b>
Capital adequacy ratio	2.32	2.09
Capital adequacy level, %	18.58	16.72
Core capital ratio, %	18.58	16.72
<b>Capital adequacy in accordance with the Basel II standard</b>		
Risk-weighted assets	22,011	22,950
Capital requirement, credit risk in accordance with the standardised method	1,677	1,755
Capital requirement, operational risk	84	81
<b>Total minimum capital requirement in accordance with the Basel II standard</b>	<b>1,761</b>	<b>1,836</b>
Capital adequacy ratio	1.74	1.56
Capital adequacy level, %	13.89	12.51
Core capital ratio, %	13.89	12.51

## STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK thousand

	Jan - June 2013	April - June 2013	Jan - June 2012	April - June 2012
Interest income	296,355	146,750	399,190	193,941
Lease income	1,714,605	865,871	1,603,779	809,948
Interest expense	- 330,269	- 162,735	- 455,811	- 219,376
Dividends received	1,181	611	1,371	652
Commission income	162,174	82,988	161,269	83,743
Commission expenses	- 8,908	- 5,014	- 9,573	- 5,256
Net result of financial transactions*	- 5,670	266	- 15,098	- 13,578
<b>Total operating income</b>	<b>1,829,468</b>	<b>928,738</b>	<b>1,685,127</b>	<b>850,073</b>
General administration expenses	- 132,714	- 66,410	- 126,475	- 65,124
Depreciation, amortisation and impairment of property, plant and equipment and intangible non-current assets	- 1,535,376	- 775,376	- 1,410,833	- 714,892
Other operating expenses	- 16,807	- 7,914	- 19,441	- 10,018
<b>Total operating expenses</b>	<b>- 1,684,897</b>	<b>- 849,700</b>	<b>- 1,556,748</b>	<b>- 790,035</b>
<b>Income before credit losses</b>	<b>144,571</b>	<b>79,038</b>	<b>128,378</b>	<b>60,039</b>
Credit losses, net	- 12,691	- 5,828	- 13,205	- 6,036
<b>Income before appropriations and taxes</b>	<b>131,880</b>	<b>73,210</b>	<b>115,173</b>	<b>54,003</b>
Appropriations	-	-	-	-
Tax, standard	- 29,014	- 16,106	- 30,290	- 14,203
<b>Income</b>	<b>102,866</b>	<b>57,104</b>	<b>84,883</b>	<b>39,800</b>
*Net result of financial transactions				
Currency related	-	-	-	-
Interest-bearing securities and related derivatives	- 5,670	266	- 15,098	- 13,578
<b>Total</b>	<b>- 5,670</b>	<b>266</b>	<b>- 15,098</b>	<b>- 13,578</b>

## KPI

	30/06/2013	30/06/2012
Return on equity, %	6.49	5.59
Risk capital/Balance sheet total, %	13.97	13.60
Deposits / Lending, %	51.94	42.51
Operating profit/Risk-weighted assets, %	1.60	1.34
Capital adequacy ratio – with transitional rules	2.32	2.09
Capital adequacy level, % – with transitional rules	18.58	16.72
Core capital ratio, % – with transitional rules	18.58	16.72
Credit losses/lending, %	0.09	0.12
E/I ratio	0.54	0.59
E/I ratio, excl. credit losses	0.50	0.54

## BALANCE SHEET

	30/06/2013	30/06/2012
<b>Amounts in SEK thousand</b>		
Chargeable treasury bills, etc.	951,439	586,129
Lending to credit institutions	1,896,358	2,364,772
Lending to the public	12,484,078	14,005,616
Bonds and other interest-bearing securities	906,016	449,488
Shares and participations in other companies	48	48
Shares and participations in associated companies	9,379	6,624
Shares and participations in Group companies	6,740	6,740
Intangible non-current assets	19,686	26,872
Property, plant and equipment, inventory	1,403	767
Property, plant and equipment, lease items	11,904,468	10,905,512
Other assets*	815,161	691,744
Prepaid expenses and deferred income	61,544	73,113
<b>Total assets</b>	<b>29,056,319</b>	<b>29,117,425</b>
Liabilities to credit institutions	1,650,000	2,800,000
Deposits and borrowing from the public	12,667,905	10,616,424
Securities issued	9,117,983	10,113,364
Other liabilities*	626,189	675,125
Accrued expenses and prepaid income	935,266	960,213
<b>Total liabilities</b>	<b>24,997,343</b>	<b>25,165,126</b>
<b>Untaxed reserves</b>	<b>3,443,184</b>	<b>3,209,813</b>
<b>Equity</b>	<b>483,912</b>	<b>627,312</b>
<b>Operating profit</b>	<b>131,880</b>	<b>115,173</b>
<b>Total liabilities and equity</b>	<b>29,056,319</b>	<b>29,117,425</b>
* Of which derivative instruments with positive and negative market value		
Derivative instruments with positive market value	88,776	112,880
Derivative instruments with negative market value	- 190	- 616

## CASH FLOW STATEMENT

	Amounts in SEK thousand	
	Jan - June 2013	Jan - June 2012
<b>Operating activities</b>		
Operating profit	131,880	115,173
<b>Adjustment of items not included in cash flow</b>		
Unrealised portion of net result of financial transactions	- 5,423	- 15,098
Depreciation, amortisation and impairment	1,521,773	1,411,222
Credit losses	6,824	17,160
Taxes paid	-	-
<b>Changes in operating assets and liabilities</b>		
Chargeable treasury bills, etc.	73,250	- 486,442
Lending to credit institutions	- 120,777	141,165
Lending to the public	595,702	352,256
Bonds and other interest-bearing securities	- 270,669	555,559
Other assets	14,281	26,354
Liabilities to credit institutions	-650,000	- 533,800
Borrowing from the public	880,323	3,781,937
Securities issued	142,308	- 3,474,570
Other liabilities	- 43,002	73,252
<b>Cash flows from operating activities</b>	<b>2,276,470</b>	<b>1,964,169</b>
<b>Investing activities</b>		
Acquisition of intangible non-current assets	-2,982	- 6,072
Sale/redemption of shares and participations	-	2,822
Acquisition of property, plant and equipment	- 3,922,660	- 3,385,894
Sale of property, plant and equipment	1,692,572	1,467,675
<b>Cash flows from investing activities</b>	<b>-2,233,070</b>	<b>- 1,921,469</b>
<b>Financing activities</b>		
Dividend paid	- 43,400	- 42,700
<b>Cash flows from financing activities</b>	<b>- 43,400</b>	<b>- 42,700</b>
<b>Cash flow for the period</b>		
Cash and cash equivalents at start of year	-	-
Cash flows from operating activities	2,276,470	1,964,169
Cash flows from investing activities	- 2,233,070	- 1,921,469
Cash flows from financing activities	- 43,400	- 42,700
<b>Cash and cash equivalents at the end of the period</b>	<b>-</b>	<b>-</b>

## LEASE INCOME AND ACCUMULATED NET INTEREST

	Amounts in SEK thousand			
	Jan - June 2013	April - June 2013	Jan - June 2012	April - June 2012
Leasing income from operational and financial leasing agreements	1,714,605	865,871	1,603,779	809,948
Scheduled depreciation and impairment	- 1,529,244	- 772,097	- 1,402,633	- 711,386
Interest income	296,355	146,750	399,190	193,941
Interest expense	- 330,269	- 162,735	- 455,811	- 219,376
<b>Accumulated net interest</b>	<b>151,447</b>	<b>77,790</b>	<b>144,525</b>	<b>73,127</b>

## CHANGE IN EQUITY

	Amounts in SEK thousand			
	Share capital	Statutory reserve fund	Retained earnings	Equity
<b>Opening equity, 1 January 2012</b>	<b>400,000</b>	<b>20,000</b>	<b>250,012</b>	<b>670,012</b>
Net profit for the year	-	-	-	-
Total change before transactions with shareholders	-	-	-	-
Dividends	-	-	- 142,700	- 142,700
<b>Closing equity, 31 December 2012</b>	<b>400,000</b>	<b>20,000</b>	<b>107,312</b>	<b>527,312</b>
<b>Opening equity, 1 January 2013</b>	<b>400,000</b>	<b>20,000</b>	<b>107,312</b>	<b>527,312</b>
Profit for the period after tax	-	-	102,866	102,866
Total change before transactions with shareholders	-	-	102,866	102,866
Dividends	-	-	- 43,400	- 43,400
<b>Closing equity, 30 June 2013</b>	<b>400,000</b>	<b>20,000</b>	<b>166,778</b>	<b>586,778</b>

## INFORMATION ABOUT DERIVATIVES THAT CAN BE OFFSET

Financial assets and liabilities that are subject to offsetting, and which are covered by a legally binding framework agreement on netting or similar agreement.

Amounts which are not to be offset in the balance sheet	Amounts in SEK thousand		
	Net amount of reported financial assets <sup>1)</sup>	Net amount of reported financial liabilities <sup>1)</sup>	Net amount / Asset (+), Liability (-)
<b>Derivatives</b>	<b>88,776,089</b>	<b>- 190,462</b>	<b>88,585,627</b>

<sup>1)</sup> No gross amounts have been reported as net in the balance sheet, as there are no securities in the form of cash or financial instruments.

## FAIR VALUE ASSETS AND LIABILITIES BY CATEGORY

### Assets

							Amounts in SEK thousand	
30/06/2013	Loan and trade receivables	Financial assets at fair value through the statement of comprehensive income	Investments held to maturity	Derivatives used in hedge accounting	Other assets	Total	Fair value	
Chargeable treasury bills and other bills	-	-	99,811	-	-	99,811	99,796	
Other chargeable securities	-	851,627	-	-	-	851,628	851,628	
Bonds and other interest-bearing securities	-	605,155	300,861	-	-	906,016	905,982	
Lending to credit institutions	1,896,358	-	-	-	-	1,896,358	1,896,358	
Lending to the public	12,484,078	-	-	-	-	12,484,078	12,438,102	
Shares and participations in associated companies	-	-	-	-	9,427	9,427	-	
Shares and participations in Group companies	-	-	-	-	6,740	6,740	-	
Intangible non-current assets	-	-	-	-	19,686	19,686	-	
Equipment	-	-	-	-	1,403	1,403	-	
Property, plant and equipment, lease items	-	-	-	-	11,904,468	11,904,468	-	
Other assets	540,623	168	-	88,608	185,762	815,161	815,161	
Prepaid expenses and deferred income	18,727	-	-	-	42,817	61,544	61,544	
<b>Total assets</b>	<b>14,939,786</b>	<b>1,456,950</b>	<b>400,673</b>	<b>88,608</b>	<b>12,170,302</b>	<b>29,056,319</b>		

### Liabilities

30/06/2013	Financial liabilities at fair value through the statement of comprehensive income	Non-financial liabilities	Derivatives used in hedge accounting	Other financial liabilities	Total	Fair value
Liabilities to credit institutions	-	-	-	1,650,000	1,650,000	1,667,331
Deposits and borrowing from the public	-	-	-	12,567,905	12,567,905	12,567,905
Borrowing from the corporate sector	-	-	-	100,000	100,000	101,516
Securities issued	-	-	-	9,117,983	9,117,983	9,229,339
Other liabilities	190	321,301	-	304,699	626,189	626,189
Accrued expenses and prepaid income	-	732,735	-	202,531	935,266	935,266
<b>Total liabilities</b>	<b>190</b>	<b>1,054,036</b>	<b>-</b>	<b>23,943,118</b>	<b>24,997,343</b>	

## ACCOUNTING POLICIES

Volvofinans Bank prepares its interim reports in accordance with legally limited IFRS, referring to standards that have been adopted for application with the limitations that arise from Recommendation RFR2 and FFFS 2008:25. The Company applies the same valuation and accounting policies as in the latest annual report. See note 33 of the 2012 annual report for a description of the methods used to calculate fair value.

IFRS 7 Financial instruments: Disclosures has meant additional disclosure requirements for the offsetting of financial assets and financial liabilities. These disclosure requirements apply to all reported financial instruments which are offset in accordance with section 42 of IAS 32, as well as reported instruments which are covered by a legally binding framework agreement to offset, or by a similar agreement, whether or not they are offset in accordance with section 42 of IAS 32.

IFRS 13, Fair value measurement, represents a new uniform standard for measuring fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The new standard has not meant any change to the way in which Volvofinans Bank calculates fair value, nor does it mean that there are any new items which must be measured at fair value.



**VOLVOFINANS**

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