

20
14

Interim Report 1 January – 31 March
Volvofinans Bank AB



Message from the President

January–March 2014 highlights

Pre-tax profit SEK 75.7 million (58.7)
Return on equity 7.5% (5.8)
Lending at 31 March of SEK 23.9 billion (24.1)
Credit losses, net SEK 5.1 million (6.9)
Core tier 1 capital ratio 21.85 (21.44)

Volvofinans Bank's profit for the first quarter is SEK 75.7 million, an increase of 29% on the same period last year.

This significant improvement in profit is the result of, among other things, a high level of activity at Swedish Volvo dealerships during the first few months of the year. New vehicle registrations for Volvo increased by 11.9% during the period, compared with the previous year. Ford registrations also increased, while the number registered for Renault remained largely unchanged. The service market – which is so important for the Volvo Card – also experienced a high level of sales during the quarter. Sales through the Volvo Card totalled SEK 2.5 billion.

The Fleet Finance business area has signed several major framework agreements with corporate customers during the early part of the year. Volvofinans Bank's efficient and effective vehicle fleet management is able to provide unique solutions and is gaining the Bank many new customers. A high level of activity from corporate customers has also been observed in the Sales Finance Cars business area, but we have been particularly pleased to achieve greater penetration on the consumer market. Increased demand for private leasing in particular stands out compared with before. Leasing to private individuals now also appears to be gaining a foothold as a form of financing in Sweden; this has been common in Europe, and in particular in the USA it has been common for a long time.

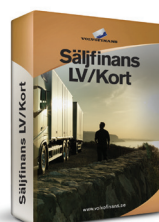
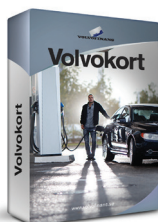
Sale Finance Trucks has seen an 18% increase in contracts received compared with the first quarter last year. Volvo Group's new model ranges continue to be successful and our dealers are able to offer reliable and attractive financing solutions.

We are now reaping the benefits of better margins, primarily as a result of lower borrowing costs. Net commission income is also increasing strongly and is almost at the same level as net interest income. Costs are at a similar level to last year, but we are anticipating a slight increase in costs towards the end of the year, primarily as a result of investments in IT and marketing activities.

Volvofinans Bank's status as a highly professional player on the finance market was confirmed in March when we received approval from the Swedish Financial Supervisory Authority to apply our IRB system to the corporate portfolio. The quality of our work in assessing credit risk will, from this interim report onwards, now also be applied to our risk-weighted assets. Volvofinans Bank more than satisfies the increasing capital requirements of the supervisory authorities.

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 pm on 23 May 2014.



Financial reports

Ownership/Operations

Since the company was established in 1959, Volvofinans Bank AB has been 50% owned by the 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 financial statements as activities in the subsidiary are of negligible value.

Volumes/lending

Sales of new passenger cars in Sweden rose by 21% compared with the same period in the previous year. A total of 67,803 (56,074) passenger vehicles were registered. The number of Volvo, Renault and Ford registrations was 18,749 (16,184), and their combined market share was 28% (29).

43% (44) 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 49% and 36% respectively. Volvofinans Bank finances the Swedish Volvo dealers' truck sales, apart from those that take place through the Volvo Group-owned Volvo Truck Centre. Penetration for new trucks was 50% (48).

The total contract portfolio (loan and leasing contracts) amounted to 193,319 contracts (193,788). The truck and bus element of the contract portfolio totalled 6,092 contracts (6,353), which is 3% of the total. Fleet Finance administers 27,010 (34,074) vehicle fleet contracts.

Goods and services purchased using the Volvo Card totalled SEK 2.5 billion and the number of accounts actively purchasing is half a million per month. Goods and services to a value of SEK 112 million were purchased using the 25,300 Volvo Truck' Cards.

The lending volume was SEK 23.9 billion, compared with SEK 24.1 billion in the previous year. The truck and bus share of lending was SEK 2.2 billion (3.4), which corresponds to 9% of total lending. Vehicle fleet accounts for SEK 5.1 billion (5.1), or 10% of lending, and Volvokort for 7%, or SEK 1.6 billion (1.7).

Volvofinans Bank's operating segments are Volvo Card, Sales Finance Cars, Sale Finance Trucks and Fleet Finance. The Sales Finance Cars segment includes financing for passenger cars through loans and leases and the Sale Finance Trucks segment includes financing for trucks and buses through loans and leases, as well as the Volvo Truck's Card. Fleet Finance includes the financing through leases and administration of vehicle fleets. 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-Mar 2014	Cars	Truck/ Truck's Card	Vehicle fleet	Volvo Card	Total
Number of contracts (average)	157,264	6,081	56,450	-	219,795
Number of active accounts (average)	-	2,128	-	440,651	442,779
Lending volume, SEK million (average)	14,748	2,292	5,020	1,121	23,181
Operating income, SEK thousand	51,681	7,555	23,493	73,197	155,926
Expenses, SEK thousand	- 17,465	- 3,483	- 8,121	- 46,013	- 75,082
Credit losses, net, SEK thousand	- 3	- 460	0	- 4,637	- 5,100
Operating profit, SEK thousand	34,213	3,612	15,372	22,547	75,744

Jan-Mar 2014	Loans	Leases	Total
Number of contracts	110,120	83,199	193,319
Average contract, SEK thousand	100	165	128
Collateral value, SEK million	10,964	13,752	24,716
Credit utilised, SEK million	10,203	11,853	22,056
Loan-to-value ratio	93	86	89
Market value, SEK million	13,754	12,178	25,932
Surplus value, SEK million	3,551	325	3,876
Surplus value, %	35	3	18

Profit

Volvofinans Bank's profit before credit loss expenses is SEK 80.8 million (65.5), an increase of 23%. This increase in profit is primarily accounted for by improved lending and borrowing margins, as well as lower costs for financial transactions. Profit for the period increased by 29% to SEK 75.7 million (58.7).

Credit risks and credit losses

The credit risk for Volvofinans Bank is very low as, under the agreements in place, by far the predominant part of both the credit and residual value risk is borne by each Volvo dealer. Problem credits are defined as all defaulted receivables, i.e. those more than 90 days overdue or given default for other reasons. Volvofinans Bank's problem credits for credit card receivables total SEK 14.3 million (19.6) and for loan and lease lending SEK 171.3 million (169.8).

With regard to commitments relating 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 of SEK 158 million on the balance sheet date. There are no credits with interest concessions, and no property has been received to provide security for receivables. Confirmed customer losses refer to credit card transactions. Anticipated credit loss impairment for the retail segment has been calculated using statistical risk models, while anticipated credit loss impairment for the corporate segment has been calculated individually by means of a manual review.

Amounts in SEK thousand

	2014	2013	2013
	Jan-Mar	Jan-Mar	Jan-Dec
Credit losses, net			
Individually valued receivables			
Write-off of confirmed credit losses for the period	- 5,076	- 71	- 18,308
Impairment for the period	- 998	- 7,699	- 8,039
Received from previous years' confirmed credit losses	279	115	1,096
Reversed provisions no longer required for probable credit losses	695	338	739
Net cost for individually valued receivables for the period	- 5,100	- 7,317	- 24,512
Group valued receivables			
Impairment for the period	-	454	- 3,844
Reversed provisions no longer required for probable credit losses	-	-	47
Net cost for grouped valued receivables for the period	-	454	- 3,797
Credit losses, net	- 5,100	- 6,863	- 28,309

From 2014 onwards, all receivables are individually valued.

Capital procurement

Savings with the Bank's e-savings account fell by SEK 0.6 billion (-5%) during the quarter to SEK 12.1 billion. This net outflow was expected following the ending of our very attractive "plus interest offer" at the turn of the year. At 31 March 2014, total deposits amounted to SEK 13.7 billion (11.9), accounting for 60% (50) of the Bank's financing.

Owing to surplus liquidity, no long-term market borrowing took place during the quarter. At the end of the quarter, outstanding financing via the Bank's market loans programme amounted to a nominal SEK 7.5 billion (9.6).

In addition to market borrowing, operations were financed through bank loans, in the amount of SEK 1.6 billion (2.1). The proportion of long-term financing with a remaining term of more than one year was 65% (71).

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, but also agreed credit facilities that can be utilised at short notice.

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.

At 31 March, the liquidity reserve totalled SEK 3.8 billion (4.2), of which deposits at other banks constituted SEK 1.3 billion (33%) and the securities portfolio SEK 2.5 billion (67%). Volvofinans Bank's liquidity reserve must be no less than 5% of lending at all times. At the end of the first quarter this proportion was 16% (18). In addition to the liquidity reserve, unutilised available loan facilities totalled SEK 4.2 billion (4.7).

Volvofinans Bank's liquidity coverage ratio at the end of the quarter was 279%, as stipulated by the Swedish Financial Supervisory Authority in FFFS 2012:6.

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 international credit ratings 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.

Capital adequacy

Volvofinans Bank calculates most of the credit risk using its internal risk classification method (IRB) following the approval by the Swedish Financial Supervisory Authority on 24 March 2014 of Volvofinans Bank's application to calculate the corporate portfolio using IRB. The remainder is calculated according to the standardised method. The core tier 1 capital ratio according to Basel III was 21.85%.

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 view of the Bank's operations, position and performance, and describes material risks and uncertainties relating to the Bank.

Göteborg, May 2014

Conny Bergström
President

Calendar

12 June 2014	Annual General Meeting
22 August 2014	Interim Report January–June
17 November 2014	Interim Report January–September
20 February 2015	Year-end Report 2014

The reports will be available for viewing on our website:
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.

KPI

	31/03/2014	31/03/2013*	31/12/2013*
Return on equity, %	7.46	5.78	6.80
Risk capital/Balance sheet total, %	14.06	13.68	13.15
Operating profit/Risk-weighted assets, %	2.20	1.44	1.73
Capital adequacy ratio	2.73	2.35	2.38
Capital adequacy level, %	21.85	18.83	19.06
Core tier 1 capital ratio, %	21.85	18.83	19.06
Credit losses/Lending, %	0.08	0.10	0.11
E/I ratio	0.51	0.57	0.54
E/I ratio, excl. credit losses	0.48	0.52	0.49

* according to the previous framework (Basel II), with transitional rules

Income statement

Amounts in SEK thousand

	2014 Q1	2013 Q4	2013 Q1	2014 Jan-Mar	2013 Jan-Mar	2013 Jan-Dec
Interest income	137,221	149,292	149,605	137,221	149,605	593,590
Lease income	860,140	879,453	848,734	860,140	848,734	3,477,151
Interest expenses	- 137,404	- 157,173	- 167,534	- 137,404	- 167,634	- 645,923
Dividends received	534	593	570	534	570	2,487
Commission income	81,483	87,429	79,186	81,483	79,186	333,086
Commission expenses	- 4,810	- 5,684	- 3,895	- 4,810	- 3,895	- 21,291
Net result of financial transactions*	- 667	- 5,006	- 5,936	- 667	- 5,936	- 14,618
Total operating income	936,497	948,904	900,730	936,497	900,730	3,724,482
General administration expenses	- 66,931	- 74,692	- 66,304	- 66,931	- 66,304	- 267,903
Depreciation, amortisation and impairment of property, plant and equipment and intangible non-current assets	- 777,603	- 791,120	- 760,000	- 777,603	- 760,000	- 3,117,831
Other operating expenses	- 11,119	- 10,065	- 8,893	- 11,119	- 8,983	- 34,212
Total operating expenses	- 855,653	- 875,877	- 835,197	- 855,653	- 835,197	- 3,419,946
Profit before credit losses	80,844	73,027	65,533	80,844	65,533	304,536
Credit losses, net	- 5,100	- 11,321	- 6,863	- 5,100	- 6,863	- 28,309
Profit before appropriations and tax	75,744	61,706	58,670	75,744	58,640	276,227
Appropriations	-	-	-	-	-	-
Tax	- 16,664	- 13,939	- 12,907	- 16,664	- 12,907	- 61,134
Profit	59,080	47,767	45,763	59,080	45,763	215,093
*Net result of financial transactions						
Interest-bearing securities and related derivatives	- 667	- 5,006	- 5,936	- 667	- 5,936	- 14,618
Total	- 667	- 5,006	- 5,936	- 667	- 5,936	- 14,618

Balance sheet

Amounts in SEK thousand

	31/03/2014	31/03/2013	31/12/2013
Chargeable treasury bills etc.	1,309,105	1,101,496	1,291,747
Lending to credit institutions	1,267,686	2,452,787	2,585,494
Lending to the public	12,352,990	12,628,029	12,478,791
Bonds and other interest-bearing securities	1,271,602	685,197	1,272,558
Shares and participations in associates and other companies	11,913	9,427	11,913
Shares and participations in Group companies	6,740	6,740	6,740
Intangible non-current assets	7,829	22,148	8,756
Property, plant and equipment, inventory	1,414	1,312	1,411
Property, plant and equipment, lease items	11,595,739	11,448,432	11,486,812
Other assets*	592,120	730,332	676,366
Prepayments and accrued income	47,314	49,712	42,641
Total assets	28,464,452	29,135,610	29,863,229
Liabilities to credit institutions	1,550,000	2,100,000	1,550,000
Deposits and borrowing from the public	13,715,696	11,881,240	14,265,506
Securities issued	7,509,496	9,668,588	8,314,508
Other liabilities*	575,464	559,898	756,300
Accruals and deferred income	895,863	896,719	834,726
Total liabilities	24,246,520	25,106,445	25,721,040
Untaxed reserves	3,443,184	3,443,184	3,443,184
Equity	699,005	527,312	699,005
Operating profit	75,744	58,670	-
Total liabilities and equity	28,464,452	29,135,610	29,863,229
* Of which derivative instruments with positive and negative market value			
Derivative instruments with positive market value	93,901	126,129	115,407
Derivative instruments with negative market value	- 383	- 424	- 281

Change in equity

Amounts in SEK thousand

	Share capital	Statutory reserve fund	Retained earnings	Equity
Opening equity, 1 January 2013	400,000	20,000	107,312	527,312
Profit for the period after tax	-	-	45,763	45,763
Total change before transactions with shareholders	-	-	45,763	45,763
Dividends	-	-	-	-
Closing equity, 31 March 2013	400,000	20,000	153,075	573,075
	Share capital	Statutory reserve fund		
Opening equity, 1 January 2013	400,000	20,000	107,312	527,312
Net profit for the year	-	-	215,093	215,093
Total change before transactions with shareholders	-	-	215,093	215,093
Dividends	-	-	- 43,400	- 43,400
Closing equity, 31 December 2013	400,000	20,000	279,005	699,005
	Share capital	Statutory reserve fund		
Opening equity, 1 January 2014	400,000	20,000	279,005	699,005
Profit for the period after tax	-	-	59,080	59,080
Total change before transactions with shareholders	-	-	59,080	59,080
Dividends	-	-	-	-
Closing equity, 31 March 2014	400,000	20,000	338,085	758,085

Cash flow statement

Amounts in SEK thousand

	2014 Jan-Mar	2013 Jan-Mar	2013 Jan-Dec
Operating activities			
Operating profit	75,744	58,670	276,227
Adjustment of items not included in cash flow			
Unrealised portion of net result of financial transactions	- 667	- 5,689	- 14,371
Depreciation, amortisation and impairment	773,585	754,014	3,094,561
Credit losses	4,465	- 7,354	5,582
Disposal of intangible non-current assets	-	-	3,441
Tax paid	-	-	- 61,134
Changes in operating assets and liabilities			
Chargeable treasury bills etc.	- 17,358	- 76,806	- 267,058
Lending to credit institutions	1,317,808	- 677,206	- 809,913
Lending to the public	121,349	466,596	602,045
Bonds and other interest-bearing securities	956	- 49,850	- 637,211
Other assets	79,562	110,274	172,164
Liabilities to credit institutions	-	- 200,000	- 750,000
Borrowing from the public	- 549,811	93,659	2,477,925
Securities issued	- 805,012	692,913	- 661,168
Other liabilities	- 119,031	- 147,574	- 4,483
Cash flows from operating activities	881,590	1,011,646	3,426,607
Investing activities			
Acquisition of intangible non-current assets	-	- 2,301	-
Investments in shares and participations	-	-	- 2,487
Acquisition of property, plant and equipment	- 1,756,403	- 1,803,917	- 6,463,201
Sale of property, plant and equipment	874,813	794,571	3,082,481
Cash flows from investing activities	- 881,590	- 1,011,646	- 3,383,207
Financing activities			
Dividend paid	-	-	- 43,400
Cash flows from financing activities	-	-	- 43,400
Cash flow for the period			
Cash and cash equivalents at start of year	-	-	-
Cash flows from operating activities	881,590	1,011,646	3,426,607
Cash flows from investing activities	- 881,590	- 1,011,646	- 3,383,207
Cash flows from financing activities	-	-	- 43,400
Cash and cash equivalents at the end of the period	-	-	-

Capital base

	Amounts in SEK thousand		
	31/03/2014	31/03/2013*	31/12/2013*
Core tier 1 capital			
Equity	483,912	483,912	493,912
Share of equity of untaxed reserves	2,685,683	2,685,683	2,685,683
Intangible non-current assets	- 7,829	- 22,148	- 8,756
AVA	- 2,392	-	-
IRB shortfall	- 156,101	- 90,970	- 109,144
Core tier 1 capital	3,003,273	3,056,477	3,051,695
Total capital base	3,003,273	3,056,477	3,051,695
Capital base according to Basel II	3,005,665	3,056,477	3,051,695
Capital requirement			
Capital requirement, credit risk IRB**	933,988	520,619	621,937
Capital requirement, credit risk according to standardised method	76,824	536,343	530,225
Capital requirement, operational risk	87,089	83,676	87,089
Capital requirement, CVA risk according to Basel III	1,728	-	-
Total minimum capital requirement	1,099,629	1,140,638	1,239,251
Total capital requirement according to transitional rules	1,214,101	1,298,488	1,280,786
Capital adequacy			
Without transitional rules			
Risk-weighted assets	13,745,363	14,257,975	15,490,638
Capital adequacy ratio	2.73	2.68	2.46
Core capital ratio, %	21.85	21.44	19.70
Capital adequacy level, %	21.85	21.44	19.70
With transitional rules			
Risk-weighted assets	15,176,263	16,231,100	16,009,825
Capital adequacy ratio	2.47	2.35	2.38
Core capital ratio, %	19.79	18.83	19.06
Capital adequacy level, %	19.79	18.83	19.06

* according to the previous framework (Basel II)

** figures for 2013 are for households only and figures from 2014 onwards include both households and corporate exposures

Lease income and accumulated net interest

Amounts in SEK thousand

	2014 Q1	2013 Q4	2013 Q1	2014 Jan-Mar	2013 Jan-Mar	2013 Jan-Dec
Lease income	860,140	879,454	848,734	860,140	848,734	3,477,151
Scheduled amortisation	- 780,571	- 791,959	- 763,133	- 780,571	- 763,133	- 3,130,150
Interest income	137,221	149,292	149,605	137,221	149,605	593,590
Interest expenses	- 137,404	- 157,173	- 167,534	- 137,404	- 167,534	- 645,923
Accumulated net interest	79,387	79,614	67,672	79,387	67,672	294,668

Information about derivatives that can be offset

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

Amounts in SEK thousand

	Net amount of reported financial assets ¹⁾	Net amount of reported financial liabilities ¹⁾	Net amount / Asset (+), Liability (-)
Amounts which are not to be offset in the balance sheet			
Derivatives	93,901	- 383	93,518

¹⁾ No amounts have been reported as net in the balance sheet; there are no securities in the form of cash or financial instruments.

Fair value assets and liabilities by category

Assets

Amounts in SEK thousand

	Loan and trade receivables	Financial assets at fair value through the income statement	Investments held to maturity	Derivatives used in hedge accounting	Other assets	Total	Fair value
31/03/2014							
Chargeable treasury bills	-	-	99,858	-	-	99,858	99,847
Other chargeable securities	-	1,209,248	-	-	-	1,209,248	1,209,248
Lending to credit institutions	1,267,686	-	-	-	-	1,267,686	1,267,686
Lending to the public	12,352,990	-	-	-	-	12,352,990	12,319,999
Bonds and other interest-bearing securities	-	1,271,602	-	-	-	1,271,602	1,271,602
Shares and participations in associated companies	-	-	-	-	11,913	11,913	-
Shares and participations in Group companies	-	-	-	-	6,740	6,740	-
Intangible non-current assets	-	-	-	-	7,829	7,829	-
Property, plant and equipment, inventory	-	-	-	-	1,414	1,414	-
Property, plant and equipment, lease items	-	-	-	-	11,595,739	11,595,739	-
Other assets	429,707	-	-	93,901	68,511	592,119	592,119
Prepayments and accrued income	47,314	-	-	-	-	47,314	47,314
Total assets	14,097,697	2,480,850	99,858	93,901	11,692,146	28,464,452	

Liabilities

	Financial liabilities at fair value through the income statement	Non-financial liabilities	Derivatives used in hedge accounting	Other financial liabilities	Total	Fair value
31/03/2014						
Liabilities to credit institutions	-	-	-	1,550,000	1,550,000	1,570,987
Deposits and borrowing from the public	-	-	-	13,615,696	13,615,696	13,615,696
Borrowing from the corporate sector	-	-	-	100,000	100,000	101,426
Securities issued	-	-	-	7,509,496	7,509,496	7,628,615
Other liabilities	383	314,340	-	260,741	575,465	575,465
Accruals and deferred income	-	751,063	-	144,801	895,864	895,864
Total liabilities	383	1,065,403	-	23,180,734	24,246,520	

Accounting policies

Volvofinans Bank prepares its interim report in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) (1995:1559) and the stipulations and general recommendations of the Swedish Financial Supervisory Authority in respect of credit institutions and securities companies (FFFS 2008:25), in accordance with the amendment provisions in FFFS 2009:11, as well as the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The Bank applies legally limited IFRS, referring to standards that have been adopted for application with the limitations that arise from recommendation RFR 2 and FFFS 2008:25. The bank applies the same valuation and accounting policies as in the last annual report. See note 33 of the 2013 annual report for a description of the methods used to calculate fair value.

New or amended International Financial Reporting Standards that have been published but not yet applied will, in the Bank's assessment, have a limited impact on the financial reports.

