

Year-End Report // Volvofinans Bank AB

2014



Message from the President

January-December 2014 in brief

Profit before appropriations and tax: SEK 330.6 million (276.2)

Return on equity: 8.1% (6.8)

Lending as at 31 December: SEK 24.8 billion (24.0)

Credit losses, net: SEK 11.9 million (28.3)

Core tier 1 capital ratio: 21.9% (19.7)



"The Car Bank now aims to face the future with humility and sees major opportunities to streamline the development of products and services in our niche."

Conny Bergström

Volvofinans Bank's profit for the full year 2014 totalled SEK 330.6 million, an increase of 20% on the same period last year.

New car sales in Sweden were very strong during the year and the total market grew by 12.7%, and with 303,948 passenger cars registered, 2014 was the seventh best year ever. Once again, Volvo managed to secure its leading position and even managed to increase its market share a little to 20.2%, which strongly reflects an upgraded passenger car programme. Volvo's intensive brand initiatives have been extremely successful and have returned Volvo to its position as one of the country's strongest brands. Among the Volvo dealership's three other brands, Renault, Ford and Dacia, it was the latter that distinguished itself by doubling its market share to 1.6%.

There was also an increase in volumes in the truck market, +8.3% to 4,710 HGVs (>16 tonnes). Volvo was once more the biggest truck brand with a market share of 44.2%, with its strong range of models winning the prestigious battle against Scania.

The positive sales increase, generated by a strong focus on the brand, a strong product range and a very strong sales initiative at the dealerships, has resulted in an increase in turnover for the Swedish Volvo dealers. There are a number of indications that the business's overall profit for 2014 will have reached a new record level. All things being equal, increased sales mean an increase in financing volumes at Volvofinans Bank. Therefore, we can also report that the bank's financial penetration increased by 2.3 per cent during the year, in relation to the financing of new car purchases in the consumer and small business area, the Sales Finance Cars. The factors described above explain the increase in the bank's lending of around SEK 1 billion during the year.

Turnover for the Volvo Card - SEK 11.1 billion - has increased on the previous year, with increased use of the card in connection with service/repairs thus compensating for a slight fall in fuel volumes, which reflect general losses in the market.

The bank's profit is its highest ever, driven by improved net interest income, which in turn is the result of lower lending costs and increased lending. During the year, Volvofinans Bank has been able to lend continuously at lower and lower credit margins in the bond market. A greater appetite for risk among investors has, in general, put pressure on margins in the market, but some of this can also be explained by greater confidence in Volvofinans Bank as a safe investment alternative. In order to meet our commitments to both supervisory authorities and investors, we have successfully built up a high capital base that consists entirely of the highest quality - equity.

We must of course deliver safe, secure savings and financing solutions for our customers. For example, identity theft, skimming and phishing are some of the security threats that attracted high levels of media attention during 2014. These threats place demands on new implementation of effective security solutions in the bank's IT systems and digital channels, something which we are working intensively on at the bank.

In general, developments are moving rapidly in the field of IT when it comes to Mobile Banking, a trend that Volvofinans Bank is monitoring very closely and for which we have a plan in place. In this area we are working together with our manufacturers in order to make use of their marketing initiatives. This is particularly true in the case of Volvo Cars, where the company is making a major effort to assume a leading position in the mobile area.

Good profitability in the bank is a prerequisite for being able to develop and reinforce our position as market leader. Our chosen niche position as the "Car Bank", in which we aim to finance and manage our customers' car ownership, defines which part of the market we want to conquer together with our extremely strong brands. Moreover through our fuel concept, fleet administration and used vehicle financing, we are striving to achieve our vision: "In every driver's thoughts". We are investing and seeing manageable growth in all businesses.

The world at large is sending out various signals that there will be no growth. We are dealing with all of this within the framework of our risk scenarios, so that we can change course as necessary should this prove to be the case. We would, however, like to view the various injections into the market together with a low oil price as ingredients of our new strategy for a 2015 that will continue to be profitable and successful.

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 20 February 2015.

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 subsidiaries are of negligible value.

Volumes/Lending

Sales of new passenger cars in Sweden rose by 13% compared with the same period in the previous year. A total of 303,948 passenger cars were registered (269,599). The number of Volvo, Renault and Ford registrations was 87,486 (76,357), and their combined market share was 29% (28).

Moreover, 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 AB Volvo-owned Volvo Truck Centre. Penetration for new trucks was 49% (47).

The total contract portfolio (loan and leasing contracts) totalled 200,358 contracts (192,689). The proportion of trucks and buses in the contract portfolio totalled 5,858 contracts (6,072), representing 3%. The Fleet Finance currently manages 29,364 fleet agreements (27,078).

Goods and services purchased using the Volvo Card totalled SEK 11.1 billion and the number of accounts actively purchasing is half a million per month. The Volvo Truck Card was used to buy products and services to the value of SEK 428 million via the 24,100 cards.

The lending volume was SEK 24.8 billion, compared with SEK 24.0 billion in the previous year. The truck and bus share of lending was SEK 2.1 billion (2.2), which corresponds to 9% of total lending. The Fleet Finance accounts for SEK 5.1 billion (5.1), or 21% of lending, and The Volvo Card for 6%, or SEK 1.6 billion (1.7).

Volvofinans Bank's business areas and operational segments are the Volvo Card, Sales Finance Cars, Sales Finance Trucks and Fleet Finance segment includes financing for passenger cars through loans and leases and the Sales Finance Trucks segment includes financing for trucks and buses through loans and leases, as well as the Volvo Truck Card. The 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.

Finally, all operating income proceeds from external customers and all the bank's operations take place in Sweden.

Jan-Dec 2014	Sales Finance Cars	Sales Finance Trucks	Fleet Finance	Volvo Card	Total
Operating income*, SEK thousand	234,736	32,981	108,421	301,688	677,826
Operating expenses**, SEK thousand	- 73,021	- 14,406	- 63,646	- 184,162	- 335,235
Credit losses**, SEK thousand	129	- 85	2,601	- 14,589	- 11,944
Operating profit, SEK thousand	161,844	18,490	47,376	102,937	330,647
Provision to tax allocation reserve, SEK thousand	470,651	53,770	137,772	299,346	961,539
Tax on profit for the year, SEK thousand	- 139,459	- 15,933	- 40,823	- 88,700	- 284,915
Net profit for the year, SEK thousands	493,036	56,327	144,325	313,583	1,007,271
Average lending volume, SEK million	15,256	2,223	5,081	1,133	23,693
Average number of contracts	163,586	6,004	58,098	-	227,688
Average number of active accounts	-	2,002	-	453,173	455,175

* Operating income including depreciation and impairment of lease items.

** Including depreciation/amortisation of property, plant and equipment and intangible non-current assets excluding depreciation on lease items.

*** Including impairment.

Jan-Dec 2014	Loans	Leases	Total
Number of contracts	113,145	87,213	200,358
Average contract, SEK thousand	100	166	129
Collateral value, SEK million	11,341	14,468	25,809
Credit utilised, SEK million	10,633	12,399	23,032
Loan-to-value ratio	94	86	89
Market value, SEK million	14,826	12,935	27,761
Surplus value, SEK million	4,192	537	4,729
Surplus value, %	39	4	21

Profit

Volvofinans Bank's profit before credit loss expenses is SEK 342.6 million (304.5), an increase of 12%. This increase in profit is primarily accounted for by improved borrowing margins, higher lending volumes and lower credit losses. The profit for the year increased by 20% to SEK 330.6 million (276.2).

The profit after year-end allocations and tax totalled SEK 1,007.3 million.

Credit risks and credit losses

The credit risk for Volvofinans Bank is very low as, under the agreements in place, by far the greatest 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 a given default for other reasons. Volvofinans Bank's problem credits for credit card receivables totalled SEK 12.7 million (13.2) and for loan and lease lending SEK 142.8 million (151.5).

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 132.5 million as at the balance sheet date. Credits with interest concessions or property received to provide security for receivables totalled SEK 30 million. 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 Jan-Dec	2013 Jan-Dec
Credit losses, net		
Specific provision for collectively valued receivables *		
Write-off of confirmed credit losses for the year	- 18,105	- 18,308
Impairment for the year	- 7,722	- 7,658
Received from previous years' confirmed credit losses	1,045	1,096
Reversed provisions no longer required for probable credit losses	7,939	739
Net cost for specific provisions for collectively valued receivables for the year	-16,843	- 24,131
Collective provision for losses incurred but not yet reported **		
Impairment for the year	- 2,814	- 4,225
Reversed provisions no longer required for probable credit losses	7,713	47
Net cost for the year for collective provisions	4,899	- 4,178
Credit losses, net	- 11,944	- 28,309

* Relates to credit losses on receivables individually identified as uncertain where the reserves are based on historical experience from similar loans.

** Relates to credit losses on receivables that have not yet been identified as uncertain but where there is a need for impairment within a group of loans.

Capital procurement

Volvofinans Bank's deposit volumes have fallen during the year as a consequence of increased competition and low interest rates. There was, however, an increase in deposits via the bank's online savings account of SEK 0.2 billion during the fourth quarter, totalling SEK 11.7 billion (12.7) as of 31 December 2014. At this time total deposits were SEK 13.8 billion (14.3), accounting for 58% (59) of the bank's financing.

Bonds worth SEK 2.5 billion were issued during the year - SEK 0.9 billion during the fourth quarter. Short-term commercial paper were issued on an ongoing basis, with very good demand. At the end of the year, outstanding financing via the bank's market loans programme amounted to a nominal SEK 8.2 billion (8.3).

In addition to deposits and market borrowing, operations were financed through bank loans, in the amount of SEK 1.6 billion (1.6). The proportion of long-term financing with a remaining term of more than one year was 67% (68).

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 has 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.

As at 31 December 2014, the liquidity reserve totalled SEK 3.8 billion (5.2), of which deposits at other banks constituted SEK 1.8 billion (47%) and the securities portfolio SEK 2.0 billion (53%). Volvofinans Bank's liquidity reserve must be no less than 10% of lending at all times. At year-end, this proportion was 15% (21). In addition to the liquidity reserve, unutilised available loan facilities totalled SEK 3.7 billion (3.9).

Volvofinans Bank's liquid coverage ratio (LCR) calculated in accordance with Article 415 of the EU Capital Requirements Regulation (CRR) totalled 201% at the year-end.

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 the bank's lending and all borrowing follows the short-term market interest rate, which involves a limited interest rate risk.

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

Rating

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

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

On 29 May 2014, Volvofinans Bank had its outlook changed from "stable" to "negative". The reason for the rating agency's decision is entirely a consequence of the EU's new system risk management framework, and more specifically the EU's new Bank Recovery and Resolution Directive.

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 core tier 1 capital ratio according to Basel III was 21.93%.

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.

Göteborg, February 2015

Conny Bergström
President and CEO

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

Calendar

20 March 2015	Annual Report
22 May 2015	Interim Report January–March
11 June 2015	Annual General Meeting
21 August 2015	Interim Report January–June
20 November 2015	Interim Report January–September
22 February 2016	Year-end Report 2015

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.

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

KPI

	31/12/2014	31/12/2013
Return on equity, %	8.14	6.80
Risk capital/Balance sheet total, %	12.68	13.15
Deposits/Lending, %	55.44	59.52
Operating profit/Risk-weighted assets, %	2.40	1.73
Capital adequacy ratio	2.74	2.46
Total capital ratio, %	21.93	19.70
Core tier 1 capital ratio, %	21.93	19.70
Credit losses/Lending, %	0.04	0.11
E/I ratio	0.51	0.54
E/I ratio, excl. credit losses	0.49	0.49

Income statement

	Amounts in SEK thousand				
	2014 Q4	2014 Q3	2013 Q4	2014 Jan-Dec	2013 Jan-Dec
Interest income	121,523	121,707	149,292	515,616	593,590
Lease income	888,999	893,953	879,453	3,517,264	3,477,151
Interest expenses	- 94,443	- 109,222	- 157,173	- 470,094	- 645,923
Net interest	916,079	906,438	871,572	3,562,786	3,424,818
Dividends received	516	1,076	593	2,822	2,487
Commission income	92,381	84,927	87,429	345,550	333,086
Commission expenses	- 5,269	- 4,799	- 5,684	- 20,273	- 21,291
Net result of financial transactions*	- 1,467	- 1,246	- 5,006	- 4,281	- 14,618
Total operating income	1,002,240	986,396	948,904	3,886,604	3,724,482
General administration expenses	- 72,795	- 61,389	- 74,692	- 269,002	- 267,903
Depreciation, amortisation and impairment of property, plant and equipment and intangible non-current assets	- 839,972	- 812,988	- 791,120	- 3,222,350	- 3,117,831
Other operating expenses	- 22,744	- 6,730	- 10,065	- 52,661	- 34,212
Total operating expenses	- 935,511	- 881,107	- 875,877	- 3,544,013	- 3,419,946
Profit before credit losses	66,729	105,289	73,027	342,591	304,536
Credit losses, net	- 3,010	- 2,808	- 11,321	- 11,944	- 28,309
Profit before appropriations and tax	63,719	102,481	61,706	330,647	276,227
Appropriations	961,539	-	-	961,539	-
Tax	- 226,190	- 22,546	- 13,939	- 284,915	- 61,134
Profit	799,068	79,935	47,767	1,007,271	215,093
* Net result of financial transactions					
Interest-bearing securities and related derivatives	- 1,467	- 1,246	- 5,006	- 4,281	- 14,618
Total	- 1,467	- 1,246	- 5,006	- 4,281	- 14,618

Balance sheet

Amounts in
SEK thousand

	31/12/2014	31/12/2013
Chargeable treasury bills etc.	1,170,846	1,291,747
Lending to credit institutions	1,784,781	2,585,494
Lending to the public	12,650,593	12,478,791
Bonds and other interest-bearing securities	837,297	1,272,558
Shares and participations in other companies	48	48
Shares and participations in associated companies	14,687	11,865
Shares and participations in Group companies	6,740	6,740
Intangible non-current assets	5,561	8,756
Property, plant and equipment, inventory	1,313	1,411
Property, plant and equipment, lease items	12,194,744	11,486,812
Other assets*	596,242	676,366
Prepayments and accrued income	36,535	42,641
Total assets	29,299,387	29,863,229
Liabilities to credit institutions	1,550,000	1,550,000
Deposits and borrowing from the public	13,773,551	14,265,506
Securities issued	8,278,759	8,314,508
Other liabilities*	876,180	756,300
Accruals and deferred income	848,069	834,726
Total liabilities	25,326,559	25,721,040
Untaxed reserves	2,481,645	3,443,184
Equity	483,912	483,912
Net profit for the year	1,007,271	215,093
Total liabilities and equity	29,299,387	29,863,229
* Of which derivative instruments with positive and negative market value		
Derivative instruments with positive market value	72,376	115,407
Derivative instruments with negative market value	- 720	- 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
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	Retained earnings	Equity
Opening equity, 1 January 2014	400,000	20,000	279,005	699,005
Net income after taxes	-	-	1,007,271	1,007,271
Total change before transactions with shareholders	-	-	1,007,271	1,007,271
Dividends	-	-	- 215,093	- 215,093
Closing equity, 31 December 2014	400,000	20,000	1,071,183	1,491,183

Cash flow statement

Amounts in
SEK thousand

	2014 Jan-Dec	2013 Jan-Dec
Operating activities		
Operating profit	330,647	276,227
Adjustment of items not included in cash flow		
Unrealised portion of net result of financial transactions	- 4,281	- 14,371
Depreciation, amortisation and impairment	3,232,162	3,094,561
Credit losses	22,123	5,582
Disposal of intangible non-current assets	-	3,441
Tax paid	- 284,914	- 61,134
Changes in operating assets and liabilities		
Chargeable treasury bills etc.	120,901	- 267,058
Lending to credit institutions	800,713	- 809,913
Lending to the public	- 191,311	602,045
Bonds and other interest-bearing securities	435,261	- 637,211
Other assets	83,616	172,164
Liabilities to credit institutions	-	- 750,000
Borrowing from the public	- 491,955	2,477,925
Securities issued	- 35,748	- 661,168
Other liabilities	137,503	- 4,483
Cash flows from operating activities	4,154,717	3,426,607
Investing activities		
Investments in shares and participations	- 2,822	- 2,487
Acquisition of property, plant and equipment	- 7,134,710	- 6,463,201
Sale of property, plant and equipment	3,197,908	3,082,481
Cash flows from investing activities	- 3,939,624	- 3,383,207
Financing activities		
Dividend paid	- 215,093	- 43,400
Cash flows from financing activities	- 215,093	- 43,400
Cash flow for the year		
Cash and cash equivalents at start of year	-	-
Cash flows from operating activities	4,154,717	3,426,607
Cash flows from investing activities	- 3,939,624	- 3,383,207
Cash flows from financing activities	- 215,093	- 43,400
Cash and cash equivalents at end of year	-	-

Capital base

	Amounts in SEK thousand	
	31/12/2014	31/12/2013
Core tier 1 capital		
Equity	1,233,912	483,912
Share of equity of untaxed reserves	1,935,683	2,685,683
Intangible non-current assets	- 5,561	- 8,756
AVA	- 1,981	-
IRB shortfall	- 135,637	- 109,144
Core tier 1 capital	3,026,416	3,051,695
Total capital base	3,026,416	3,051,695
Capital base according to Basel II	3,028,397	3,051,695

Capital adequacy

	Amounts in SEK thousand	
	31/12/2014	31/12/2013
Without transitional rules		
Risk-weighted assets	13,801,517	15,490,638
Capital adequacy ratio	2.74	2.46
Core tier 1 capital ratio, %	21.93	19.70
Total capital ratio, %	21.93	19.70
With transitional rules		
Risk-weighted assets	15,950,552	16,009,825
Capital adequacy ratio	2.37	2.38
Core tier 1 capital ratio, %	18.97	19.06
Total capital ratio, %	18.97	19.06

Capital requirement and risk-weighted exposure amount

	Amounts in SEK thousand			
		31/12/2014		31/12/2013
	Capital requirement	Risk-weighted exposure amount	Capital requirement	Risk-weighted exposure amount
Credit risk according to IRB *				
Corporate exposure	296,423	3,705,283	-	-
Household exposure	448,115	5,601,441	445,901	5,573,763
Non-credit-obligation asset exposures	177,434	2,217,925	176,036	2,200,450
Total according to IRB	921,972	11,524,648	621,937	7,774,213
Credit risk according to standardised method				
Exposures to national governments or central banks	-	-	-	-
Exposure to federal or local autonomous bodies and authorities	-	-	-	-
Exposures to public bodies	324	4,048	386	4,825
Institutional exposure	30,017	375,207	43,541	544,263
Corporate exposure	25,335	316,682	443,472	5,543,400
Household exposure	20,419	255,238	22,929	286,613
Unsettled items	2,917	36,463	8,850	110,625
Covered bonds	6,692	83,646	10,180	127,250
Share exposures	1,718	21,475	-	-
Other items	786	9,821	867	10,838
Total according to the standardised method	88,206	1,102,578	530,225	6,627,813
Operational risk	92,768	1,159,598	87,089	1,088,613
Credit valuation adjustment (CVA)	1,175	14,692	-	-
Total minimum capital requirement and risk-weighted exposure amount	1,104,121	13,801,517	1,239,251	15,490,638
Total capital requirement according to transitional rules	1,276,044	15,950,552	1,280,786	16,009,825

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

Capital and buffer requirements

	31/12/2014			31/12/2013			Amounts in SEK thousand
	Minimum capital requirement	Capital conservation buffer	Total	Minimum capital requirement	Capital conservation buffer	Total	
	Per cent						
Core tier 1 capital	4.5	2.5	7.0	4.5	0.0	4.5	
Tier 1 capital	6.0	2.5	8.5	6.0	0.0	6.0	
Total capital base	8.0	2.5	10.5	8.0	0.0	8.0	
Amount							
Core tier 1 capital	621,068	345,038	966,106	697,079	-	697,079	
Tier 1 capital	828,091	345,038	1,173,129	929,438	-	929,438	
Total capital base	1,104,121	345,038	1,449,159	1,239,251	-	1,239,251	
Total Pillar I capital requirement			1,449,159			1,239,251	

Lease income and accumulated net interest

	Amounts in SEK thousand				
	2014 Q4	2014 Q3	2013 Q4	2014 Jan-Dec	2013 Jan-Dec
Income from operating and finance leases	888,999	893,953	879,454	3,517,264	3,477,151
Scheduled amortisation	- 818,109	- 816,387	- 791,959	- 3,208,778	- 3,130,150
Interest income	121,523	121,707	149,292	515,616	593,590
Interest expenses	- 94,443	- 109,222	- 157,173	- 470,094	- 645,923
Accumulated net interest	97,970	90,051	79,614	354,008	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 which are not to be offset in the balance sheet	Amounts in SEK thousand		
	Net amount of reported financial assets ¹⁾	Net amount of reported financial liabilities ¹⁾	Net amount / Asset (+), Liability (-)
Derivatives	72,376	- 720	71,656

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 statement of comprehensive income	Investments held to maturity	Derivatives used in hedge accounting	Other assets	Total	Fair value
31/12/2014							
Chargeable treasury bills etc.	-	1,070,872	99,974	-	-	1,170,846	1,170,856
Lending to credit institutions	1,784,781	-	-	-	-	1,784,781	1,784,781
Lending to the public	12,650,593	-	-	-	-	12,650,593	12,626,958
Bonds and other interest-bearing securities	-	837,297	-	-	-	837,297	837,297
Shares and participations in associated and other companies	-	-	-	-	14,735	14,735	-
Shares and participations in Group companies	-	-	-	-	6,740	6,740	-
Intangible non-current assets	-	-	-	-	5,561	5,561	-
Property, plant and equipment, inventory	-	-	-	-	1,313	1,313	-
Property, plant and equipment, lease items	-	-	-	-	12,194,744	12,194,744	-
Other assets	6	-	-	72,376	523,860	596,242	596,242
Prepayments and accrued income	6,736	-	-	-	29,799	36,535	36,535
Total assets	14,442,116	1,908,169	99,974	72,376	12,776,752	29,299,387	

Liabilities

	Financial liabilities at fair value through the income statement	Non-financial liabilities	Derivatives used in hedge accounting	Other financial liabilities	Total	Fair value
31/12/2014						
Liabilities to credit institutions	-	-	-	1,550,000	1,550,000	1,562,335
Deposits and borrowing from the public	-	-	-	13,773,551	13,773,551	13,774,055
Securities issued	-	-	-	8,278,759	8,278,759	8,376,379
Other liabilities	720	319,410	-	556,050	876,180	876,180
Accruals and deferred income	-	780,404	-	67,665	848,069	848,069
Total liabilities	720	1,099,814	-	24,226,025	25,326,559	

Accounting policies

Volvofinans Bank applies legally limited IFRS, which means that the interim report has been prepared in accordance with IFRS with the additions and exceptions set out in the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, the stipulations and general recommendations of the Swedish Financial Supervisory Authority on annual reporting by credit institutions and securities companies (FFFS 2008:25) and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL). The bank applies the same valuation and accounting policies as in the last annual report. See note 34 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. No assessment has yet been made of IFRS 9, which becomes mandatory from 1 January 2018.



VOLVOFINANS



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