

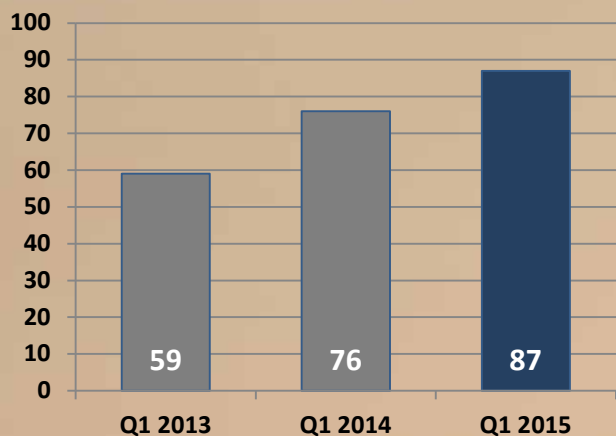
**Interim Report Q1 // Volvofinans Bank AB**

2015

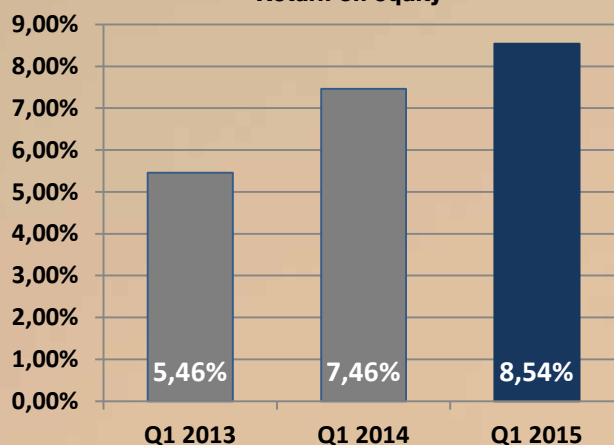


# Profitability continues to improve in the first quarter

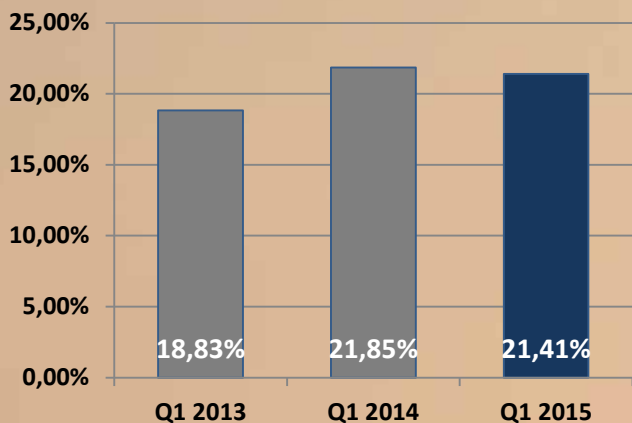
Operating profit, SEK million



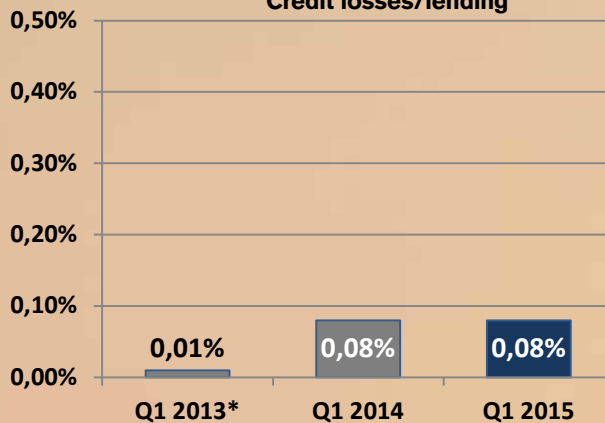
Return on equity



Core tier 1 capital ratio



Credit losses/lending



\*Sale of all receivables for collection 31.12.2012

# Message from the President

## January–March 2015 highlights

Income before tax SEK 86.7 million (75.7)

Return on equity: 8.5% (7.5)

Lending as at 31 March: SEK 25.2 billion (23.9)

Credit losses, net: SEK 4.9 million (5.1)

Core tier 1 capital ratio: 21.4% (21.9)

After a strong 2014, Volvofinans Bank is able to show a continued increase in profits in 2015. The profit for the first quarter of the year is SEK 86.7 million, an increase of 15% on the same period last year.

Sales of new cars, which were expected to slow down slightly compared with 2014, have instead continued to show a positive trend in 2015. As at end-March, more than 75,733 passenger cars had been registered, which is an increase of 12% on the previous year. Volvo Cars' model programme is doing very well in the market, with top performance in terms of sales, underpinned by successful work on the brand.

Volvofinans Bank's loan and leasing offers, packaged in collaboration with the general agents Volvo and Renault, are also contributing to increased credit volumes. A stable economic climate in Sweden, with an investment-friendly interest rate environment, favours our business deals. In particular, we have noted strong interest in our solutions for administration and financing of vehicle fleets. The above factors are reflected in a slight increase in lending for the bank, SEK 360 million in the first three months of the year and SEK 1.25 billion over the 12 months to end-March, to a total of SEK 25,2 billion.

Even though our trucks business area is developing well, we are working on broadening and updating our financing offers to truck customers, in cooperation with Volvo Trucks and dealers. During the year we hope to be able to launch a new, packaged leasing product, which we believe will be met with high demand. Volvofinans Bank's ambition over the next few years is to boost lending volumes on the "heavy side".

Development work on preparing our payment solutions for the digital era continues. In the payments segment, development are taking place in collaboration with our business partners, with Volvo Cars playing a prominent role as an ambitious player in mobile payments.

Interest rates in Sweden are continuing to fall and this is having a negative impact overall on the bank's interest income and thus its results. Geopolitical concerns remain, and adverse developments could result in financial turbulence.

Aside from these external factors, we consider the conditions to be favorable for us to continue to deliver good results for our 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 pm on 22 May 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 Bank 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 12% compared with the same period in the previous year. A total of 75,733 passenger cars were registered (67,803). The number of Volvo, Renault and Ford registrations amounted to 20,880 (18,749), and their combined market share was 28% (28).

45% (43) 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 52% and 35% 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 51% (50).

The total contract portfolio (loan and leasing contracts) amounted to 202,645 contracts (193,319). The proportion of trucks and buses in the contract portfolio totalled 5,898 contracts (6,092), representing 3%. Fleet Finance administers 29,459 (27,010) 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 110 million were purchased using the 21,200 Volvo Truck Cards.

The lending volume was SEK 25.2 billion, compared with SEK 23.9 billion in the previous year. The truck and bus share of lending was SEK 2.0 billion (2.5), which corresponds to 8% of total lending. 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 (1.6).

Volvofinans Bank's operational segments are the Volvo Card, Sales Finance Cars, Sales Finance Trucks and Fleet Finance. The Sales Finance Cars 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.

Jan-Mar 2015	Sales Finance Cars	Sales Finance Trucks	Fleet Finance	Volvo Card	Total
Operating income*, SEK thousand	62,259	8,053	31,744	70,982	173,038
Operating expenses**, SEK thousand	-20,790	-3,592	-14,719	-42,281	-81,382
Credit losses***, SEK thousand	66	-341	-744	-3,910	-4,929
Operating profit, SEK thousand	41,535	4,120	16,280	24,791	86,727
Average lending volume, SEK million	16,005	2,092	5,145	1,075	24,317
Average number of contracts	168,196	5,860	59,841	-	233,897
Average number of active accounts	-	1,939	-	444,853	446,792

\* Operating income including depreciation and impairment of lease items.

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

\*\*\*Including impairment.

Jan-Mar 2015	Loans	Leases	Total
Number of contracts	113,667	88,978	202,645
Average contract, SEK thousand	101	167	130
Collateral value, SEK million	11,486	14,881	26,367
Credit utilised, SEK million	10,723	12,751	23,474
Loan-to-value ratio	93	86	89
Market value, SEK million	15,168	13,365	28,533
Surplus value, SEK million	4,445	614	5,059
Surplus value, %	41	5	22

## Profit

Volvofinans Bank's profit before credit loss expenses is SEK 91.7 million (80.8), an increase of 13%. The increase in profit is primarily accounted for by improved borrowing margins and increased lending volume. Profit for the period increased by 15% to SEK 86.7 million (75.7).

## Credit risks and credit losses

The credit risk for Volvofinans Bank is very low as, under the agreements in place, the greatest part of both the credit and residual value risk is carried 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 15.8 million (14.3) and for loan and lease lending SEK 125.4 million (171.3).

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 116.1 million on the balance sheet date. Credits with interest concessions or property received to provide security for receivables total SEK 26.4 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		
	2015 Jan-Mar	2014 Jan-Mar	2014 Jan-Dec
<b>Credit losses, net</b>			
<b>Specific provision for collectively valued receivables *</b>			
Write-off of confirmed credit losses for the year	-3,073	-5,076	-18,105
Impairment for the period	-5,336	-998	-7,722
Received from previous years' confirmed credit losses	223	279	1,045
Reversed provisions no longer required for probable credit losses	3,726	-	7,939
<b>Net cost for specific provisions for collectively valued receivables for the period</b>	<b>-4,460</b>	<b>-5,795</b>	<b>-16,843</b>
<b>Collective provision for losses incurred but not yet reported **</b>			
Impairment for the period	-1 816	-	-2,814
Reversed provisions no longer required for probable credit losses	1,347	695	7,713
<b>Net cost for the period for collective provisions</b>	<b>-469</b>	<b>695</b>	<b>4,899</b>
<b>Credit losses, net</b>	<b>-4,929</b>	<b>-5,100</b>	<b>-11,944</b>

\* 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

Savings via the bank's online savings account declined slightly in the first quarter, and by SEK 0.4 billion in the 12 months to end-March, to SEK 11.6 billion (12.1). Falling interest rates, increased competition and modest marketing were the reasons behind the decline. Total deposits amounted to SEK 13.6 billion (13.7), accounting for 57% (60) of the bank's financing.

Demand for the bank's securities has been very good during the quarter. Bonds worth SEK 1.2 million, with durations of two to five years, have been issued during the quarter. At the end of the quarter, outstanding financing via the bank's market loans programme amounted to a nominal SEK 9.1 billion (7.5).

In addition to market borrowing, operations were financed through bank loans, in the amount of SEK 1.4 billion (1.6). The proportion of long-term financing with a remaining term of more than one year was 63% (65).

## 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.

As at 31 March, the liquidity reserve totalled SEK 3.8 billion (3.8), of which the securities portfolio constituted SEK 2.3 billion (59%) and deposits at other banks SEK 1.5 billion (41%). Volvofinans Bank's liquidity reserve must be no less than 10% of lending at all times. At the end of the first quarter this proportion was 15% (16). In addition to the liquidity reserve, unutilised available loan facilities totalled SEK 3.7 billion (4.2).

Volvofinans Bank's liquid coverage ratio (LCR), calculated in accordance with Article 415 of the EU Capital Requirements Regulation (CRR), totalled 282% at the end of March. NSFR (Net Stable Funding Ratio) according to Volvofinans Bank's interpretation of the Basel Committee's new recommendation (BCBS295) was 144%.

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 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
- Outlook: Rating under review

In March, Moody's announced that Volvofinans Bank's credit rating had been placed under review, which is a step in the roll-out of a new rating method, which in turn is linked to the EU's bank recovery and resolution directive. At the same time, Volvofinans Bank's underlying rating is under review for a potential upgrade due to improved profitability and a strong capital position. The outcome of Moody's review is expected in the second quarter of 2015.

You will find a detailed analysis from Moody's on our website, [volvofinans.se](http://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 was 21.41%. The gross solvency ratio was 10.03%, compared with 10.21% at the turn of the year.

## Events after the balance sheet date

No significant events have occurred since the balance sheet date.

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

## **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, May 2015

Conny Bergström  
President and CEO

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

## **Calendar**

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](http://volvofinans.se).

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

## KPI

	31/03/2015	31/03/2014	31/12/2014
Return on equity, %	8.54	7.46	8.14
Risk capital/Balance sheet total, %	12.80	14.06	12.68
Deposits/Lending, %	53.96	57.27	55.44
Operating profit/Risk-weighted assets, %	2.46	2.20	2.40
Capital adequacy ratio	2.68	2.73	2.74
Total capital ratio, %	21.41	21.85	21.93
Core tier 1 capital ratio, %	21.41	21.85	21.93
Credit losses/Lending, %	0.08	0.08	0.04
E/I ratio	0.50	0.51	0.51
E/I ratio, excl. credit losses	0.47	0.48	0.49

## Income statement

	Amounts in SEK thousand					
	2015 Q1	2014 Q4	2014 Q1	2015 Jan-Mar	2014 Jan-Mar	2014 Jan-Dec
Interest income	110,511	121,524	137,221	110,511	137,221	515,616
Lease income	887,049	888,999	860,140	887,049	860,140	3,517,264
Interest expenses	-80,487	-94,443	-137,404	-80,487	-137,404	-470,094
<b>Net interest</b>	<b>917,073</b>	<b>916,080</b>	<b>859,957</b>	<b>917,073</b>	<b>859,957</b>	<b>3,562,786</b>
Dividends received	688	516	534	688	534	2,822
Commission income	86,395	92,381	81,483	86,395	81,483	345,550
Commission expenses	-4,638	-6,486	-5,590	-4,638	-5,590	-23,798
Net result of financial transactions*	-3,579	-1,466	-667	-3,579	-667	-4,281
<b>Total operating income</b>	<b>995,938</b>	<b>1,001,025</b>	<b>935,717</b>	<b>995,938</b>	<b>935,717</b>	<b>3,883,079</b>
General administration expenses	-71,907	-71,580	-66,151	-71,907	-66,151	-265,477
Depreciation, amortisation and impairment of property, plant and equipment and intangible non-current assets	-823,241	-839,972	-777,603	-823,241	-777,603	-3,222,350
Other operating expenses	-9,134	-22,744	-11,119	-9,134	-11,119	-52,661
<b>Total operating expenses</b>	<b>-904,282</b>	<b>-934,296</b>	<b>-854,873</b>	<b>-904,282</b>	<b>-854,873</b>	<b>-3,540,488</b>
<b>Profit before credit losses</b>	<b>91,656</b>	<b>66,729</b>	<b>80,844</b>	<b>91,656</b>	<b>80,844</b>	<b>342,591</b>
Credit losses, net	-4,929	-3,010	-5,100	-4,929	-5,100	-11,944
<b>Profit before appropriations and tax</b>	<b>86,727</b>	<b>63,719</b>	<b>75,744</b>	<b>86,727</b>	<b>75,744</b>	<b>330,647</b>
Appropriations	-	961,539	-	-	-	961,539
Tax	-19,080	-225,557	-16,664	-19,080	-16,664	-284,914
<b>Profit</b>	<b>67,647</b>	<b>799,701</b>	<b>59,080</b>	<b>67,647</b>	<b>59,080</b>	<b>1,007,271</b>
* Net result of financial transactions						
Interest-bearing securities and related derivatives	-3,579	-1,466	-667	-3,579	-667	-4,281
<b>Total</b>	<b>-3,579</b>	<b>-1,466</b>	<b>-667</b>	<b>-3,579</b>	<b>-667</b>	<b>-4,281</b>

## Balance sheet

	Amounts in SEK thousand		
	31/03/2015	31/03/2014	31/12/2014
Chargeable treasury bills etc.	1,301,792	1,309,105	1,170,846
Lending to credit institutions	1,541,191	1,267,686	1,784,781
Lending to the public	12,662,749	12,352,990	12,650,593
Bonds and other interest-bearing securities	962,085	1,271,602	837,297
Shares and participations in associated and other companies	14,735	11,913	14,735
Shares and participations in Group companies	6,740	6,740	6,740
Intangible non-current assets	5,619	7,829	5,561
Property, plant and equipment, inventory	1,388	1,414	1,313
Property, plant and equipment, lease items	12,541,756	11,595,739	12,194,744
Other assets*	602,824	569,208	596,242
Prepayments and accrued income	53,308	47,314	36,535
<b>Total assets</b>	<b>29,694,187</b>	<b>28,441,540</b>	<b>29,299,387</b>
Liabilities to credit institutions	1,350,000	1,550,000	1,550,000
Deposits and borrowing from the public	13,599,103	13,715,696	13,773,551
Securities issued	9,148,499	7,509,496	8,278,759
Other liabilities*	625,370	553,147	876,180
Accruals and deferred income	911,660	895,270	848,069
<b>Total liabilities</b>	<b>25,634,632</b>	<b>24,223,609</b>	<b>25,326,559</b>
Untaxed reserves	2,481,645	3,443,184	2,481,645
<b>Equity</b>	<b>1,491,183</b>	<b>699,005</b>	<b>483,912</b>
<b>Operating profit</b>	<b>86,727</b>	<b>75,744</b>	<b>1,007,271</b>
<b>Total liabilities and equity</b>	<b>29,694,187</b>	<b>28,441,540</b>	<b>29,299,387</b>
* Of which derivative instruments with positive and negative market value			
Derivative instruments with positive market value	64,799	93,901	72,376
Derivative instruments with negative market value	-873	-383	-720

## Change in equity

	Amounts in SEK thousand			
	Share capital	Statutory reserve fund	Retained earnings	Equity
Opening equity, 1 January 2014	400,000	20,000	279,005	699,005
Profit for the period after tax	-	-	59,080	59,080
<b>Total change before transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>59,080</b>	<b>59,080</b>
Dividends	-	-	-	-
<b>Closing equity, 31 March 2014</b>	<b>400,000</b>	<b>20,000</b>	<b>338,085</b>	<b>758,085</b>
	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
<b>Total change before transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>1,007,271</b>	<b>1,007,271</b>
Dividends	-	-	-215,093	-215,093
<b>Closing equity, 31 December 2014</b>	<b>400,000</b>	<b>20,000</b>	<b>1,071,183</b>	<b>1,491,183</b>
	Share capital	Statutory reserve fund	Retained earnings	Equity
Opening equity, 1 January 2015	400,000	20,000	1,071,183	1,491,183
Profit for the period after tax	-	-	67,647	67,647
<b>Total change before transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>67,647</b>	<b>67,647</b>
Dividends	-	-	-	-
<b>Closing equity, 31 March 2015</b>	<b>400,000</b>	<b>20,000</b>	<b>1,138,830</b>	<b>1,558,830</b>



## Cash flow statement

	Amounts in SEK thousand		
	2015 Jan-Mar	2014 Jan-Mar	2014 Jan-Dec
<b>Operating activities</b>			
Operating profit	86,727	75,744	330,647
<b>Adjustment of items not included in cash flow</b>			
Unrealised portion of net result of financial transactions	-3,579	-667	-4,281
Depreciation, amortisation and impairment	823,257	773,585	3,232,162
Credit losses	1,022	4,465	22,123
Tax paid	-	-	-284,914
<b>Changes in operating assets and liabilities</b>			
Chargeable treasury bills etc.	-130,946	-17,358	120,901
Lending to credit institutions	243,590	1,317,808	800,713
Lending to the public	-13,811	121,349	-191,311
Bonds and other interest-bearing securities	-124,787	956	435,261
Other assets	-22,723	102,473	83,616
Liabilities to credit institutions	-200,000	-	-
Borrowing from the public	-174,448	-549,811	-491,955
Securities issued	869,740	-805,012	-35,748
Other liabilities	-183,640	-141,942	137,503
<b>Cash flows from operating activities</b>	<b>1,170,402</b>	<b>881,590</b>	<b>4,154,717</b>
<b>Investing activities</b>			
Capitalised development expenditure	-684	-	-
Investments in shares and participations	-	-	-2,822
Acquisition of property, plant and equipment	-2,017,580	-1,756,402	-7,134,710
Sale of property, plant and equipment	847,863	874,813	3,197,908
<b>Cash flows from investing activities</b>	<b>-1,170,402</b>	<b>-881,590</b>	<b>-3,939,624</b>
<b>Financing activities</b>			
Dividend paid	-	-	-215,093
<b>Cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-215,093</b>
<b>Cash flow for the period</b>			
Cash and cash equivalents at start of year	-	-	-
Cash flows from operating activities	1,170,402	881,590	4,154,717
Cash flows from investing activities	-1,170,402	-881,590	-3,939,624
Cash flows from financing activities	-	-	-215,093
<b>Cash and cash equivalents at the end of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Capital base

	Amounts in SEK thousand		
	31/03/2015	31/03/2014	31/12/2014
<b>Core tier 1 capital</b>			
Equity	1,233,912	483,912	1,233,912
Share of equity of untaxed reserves	1,935,683	2,685,683	1,935,683
Intangible non-current assets	-5,619	-7,829	-5,561
AVA	-2,330	-2,392	-1,981
IRB shortfall	-137,915	-156,101	-135,637
<b>Core tier 1 capital</b>	<b>3,023,732</b>	<b>3,003,273</b>	<b>3,026,416</b>
<b>Total capital base</b>	<b>3,023,732</b>	<b>3,003,273</b>	<b>3,026,416</b>
Capital base according to Basel I	3,161,647	3,159,374	3,162,053

## Capital adequacy

	Amounts in SEK thousand		
	31/03/2015	31/03/2014	31/12/2014
<b>Without transitional rules</b>			
Risk-weighted assets	14,121,927	13,745,368	13,801,517
Capital adequacy ratio	2.68	2.73	2.74
Core tier 1 capital ratio, %	21.41	21.85	21.93
Total capital ratio, %	21.41	21.85	21.93
<b>With transitional rules*</b>			
Risk-weighted assets	20,750,231	19,793,512	20,547,387
Capital adequacy ratio	1.90	2.00	1.92
Core tier 1 capital ratio, %	15.24	15.96	15.39
Total capital ratio, %	15.24	15.96	15.39

Internally assessed capital requirement amounted to SEK 1,419 billion (1,389 at the turn of the year)

## Capital requirement and risk-weighted exposure amount

	Amounts in SEK thousand					
	Capital requirement	31/03/2015 Risk-weighted exposure amount	Capital requirement	31/03/2014 Risk-weighted exposure amount	Capital requirement	31/12/2014 Risk-weighted exposure amount
<b>Credit risk according to IRB</b>						
Corporate exposure	316,180	3,952,247	325,596	4,069,955	296,423	3,705,283
Household exposure	453,251	5,665,637	431,460	5,393,252	448,115	5,601,441
Non-credit-obligation asset exposures	184,943	2,311,785	176,931	2,211,643	177,434	2,217,925
<b>Total according to IRB</b>	<b>954,373</b>	<b>11,929,669</b>	<b>933,988</b>	<b>11,674,850</b>	<b>921,972</b>	<b>11,524,648</b>
<b>Credit risk according to standardised method</b>						
Exposures to national governments or central banks	-	-	-	-	-	-
Exposure to federal or local autonomous bodies and authorities	-	-	-	-	-	-
Exposures to public bodies	310	3,875	373	4,666	324	4,048
Institutional exposure	25,992	324,906	22,117	276,458	30,017	375,207
Corporate exposure	20,630	257,875	21,948	274,349	25,335	316,682
Household exposure	22,086	276,071	18,947	236,841	20,419	255,238
Unsettled items	463	5,782	1,604	20,051	2,917	36,463
Covered bonds	7,689	96,112	10,173	127,160	6,692	83,646
Share exposures	1,718	21,475	1,492	18,653	1,718	21,475
Other items	2,249	28,117	170	2,122	786	9,821
<b>Total according to the standardised method</b>	<b>81,137</b>	<b>1,014,213</b>	<b>76,824</b>	<b>960,300</b>	<b>88,206</b>	<b>1,102,578</b>
Operational risk	92,768	1,159,598	87,089	1,088,613	92,768	1,159,598
Credit valuation adjustment (CVA)	1,476	18,448	1,728	21,605	1,175	14,692
<b>Total minimum capital requirement and risk-weighted exposure amount</b>	<b>1,129,754</b>	<b>14,121,927</b>	<b>1,099,629</b>	<b>13,745,368</b>	<b>1,104,121</b>	<b>13,801,517</b>
* Total capital requirement and risk-weighted exposure according to transitional rules Basel I	1,660,019	20,750,231	1,583,481	19,793,512	1,643,791	20,547,387

## Capital and buffer requirements

	31/03/2015			31/03/2014			Amounts in SEK thousand 31/12/2014		
	Minimum capital requirement	Capital conservation buffer	Total	Minimum capital requirement	Capital conservation buffer	Total	Minimum capital requirement	Capital conservation buffer	Total
<b>Per cent</b>									
Core tier 1 capital	4.5	2.5	7.0	4.5	0.0	4.5	4.5	2.5	7.0
Tier 1 capital	6.0	2.5	8.5	6.0	0.0	6.0	6.0	2.5	8.5
Total capital base	8.0	2.5	10.5	8.0	0.0	8.0	8.0	2.5	10.5
<b>Amount</b>									
Core tier 1 capital	635,487	353,048	988,535	618,542	-	618,542	621,068	345,038	966,106
Tier 1 capital	847,316	353,048	1,200,364	824,722	-	824,722	828,091	345,038	1,173,129
Total capital base	1,129,754	353,058	1,482,802	1,099,629	-	1,099,629	1,104,121	345,038	1,449,159
<b>Total Pillar I capital requirement</b>			<b>1,482,802</b>			<b>1,099,629</b>			<b>1,449,159</b>

## Lease income and accumulated net interest

	Amounts in SEK thousand					
	2015 Q1	2014 Q4	2014 Q1	2015 Jan-Mar	2014 Jan-Mar	2014 Jan-Dec
Income from operating and finance leases	887,049	888,999	860,140	887,049	860,140	3,517,264
Scheduled amortisation	-822,900	-818,110	-780,571	-822,900	-780,571	-3,208,778
Interest income	110,511	121,524	137,221	110,511	137,221	515,616
Interest expenses	-80,487	-94,443	-137,404	-80,487	-137,404	-470,094
<b>Accumulated net interest</b>	<b>94,173</b>	<b>97,970</b>	<b>79,387</b>	<b>94,173</b>	<b>79,387</b>	<b>354,008</b>

## 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 <sup>1)</sup>	Net amount of reported financial liabilities <sup>1)</sup>	Net amount / Asset (+), Liability (-)
<b>Derivatives</b>	<b>64,799</b>	<b>-873</b>	<b>63,926</b>

<sup>1)</sup> 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
<b>31/03/2015</b>							
Chargeable treasury bills etc.	-	1,301,792	-	-	-	1,301,792	1,301,792
Lending to credit institutions	1,541,191	-	-	-	-	1,541,191	1,541,191
Lending to the public	12,662,749	-	-	-	-	12,662,749	12,643,409
Bonds and other interest-bearing securities	-	962,085	-	-	-	962,085	962,085
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	-	-	-	-	5,619	5,619	-
Property, plant and equipment, inventory	-	-	-	-	1,388	1,388	-
Property, plant and equipment, lease items	-	-	-	-	12,541,756	12,541,756	-
Other assets	379,256	-	-	64,799	158,769	602,824	602,824
Prepayments and accrued income	40,997	-	-	-	12,311	53,308	53,308
<b>Total assets</b>	<b>14,624,193</b>	<b>2,263,877</b>	<b>-</b>	<b>64,799</b>	<b>12,741,318</b>	<b>29,694,187</b>	

### Liabilities

	Financial liabilities at fair value through the income statement	Non-financial liabilities	Derivatives used in hedge accounting	Other financial liabilities	Total	Fair value
<b>31/03/2015</b>						
Liabilities to credit institutions	-	-	-	1,350,000	1,350,000	1,348,834
Deposits and borrowing from the public	-	-	-	13,599,103	13,599,103	13,599,103
Securities issued	-	-	-	9,148,499	9,148,499	9,240,874
Other liabilities	873	319,410	-	305,087	625,370	625,369
Accruals and deferred income	-	780,404	-	131,256	911,660	911,660
<b>Total liabilities</b>	<b>873</b>	<b>1,099,814</b>	<b>-</b>	<b>24,533,945</b>	<b>25,634,632</b>	

### 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) in accordance with the amendment provisions in FFFS 2009:11 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 35 of the 2014 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.



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