

Interim Report 1 January - 30 June // Volvofinans Bank AB

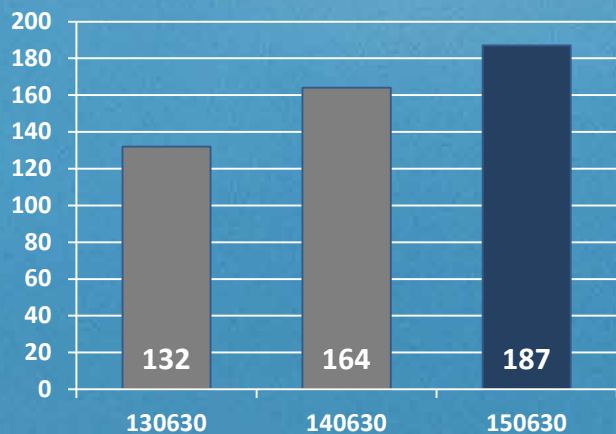
2015



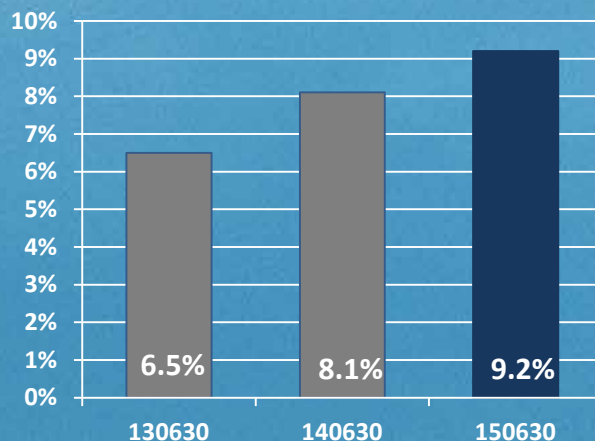
VOLVOFINANS

Increased profitability continues during the first half of the year

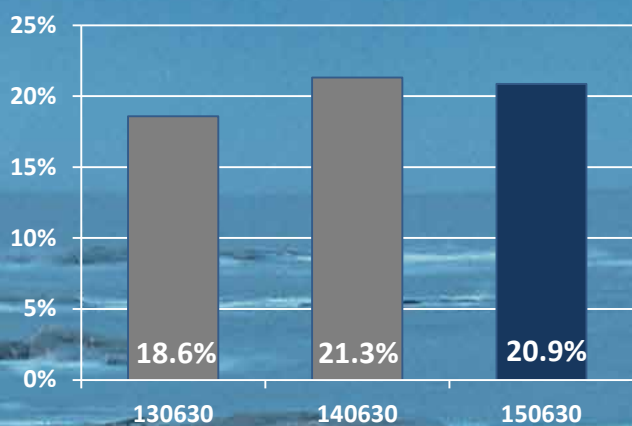
Operating profit, SEK million



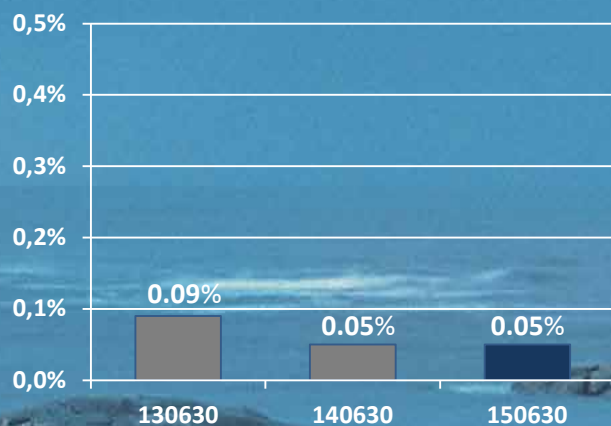
Return on equity



Common Equity Tier1 capital ratio



Credit losses/lending



Message from the President

January–June 2015 highlights

Income before tax SEK 186.7 million (164.4)

Return on equity: 9.2% (8.1)

Lending as at 30 June: SEK 26.0 billion (24.9)

Credit losses, net: SEK 6.7 million (6.1)

CET1 capital ratio: 20.9% (21.3)

Driven by a very strong market for new passenger cars, Volvofinans Bank delivered record profits for the first six months of the year – SEK 186.7 million – which is an increase of 14% compared with the same period last year.

Moreover 168,000 cars were registered in the Swedish passenger car market during the same period, amounting to an increase of almost 11%. It is also worth noting that registrations have increased for seventeen months in a row, and these strong registration figures can be explained in part by favourable economic conditions combined with low interest rates, but also a growing interest in private leasing as a new type of financing. Volvo is the most sold brand and has succeeded in retaining its high market share of 19.9% in a growing market. Also of note, is that Renault's sales also increased by 9% during the first half of the year.

Sales of new trucks (> 16 tonnes) amounted to 2,358 vehicles during the first half of the year, a decline of 4%. Volvo Trucks remains one of two dominating brands on the Swedish market with 40% of sales.

The combination of high vehicle sales and favourable finance deals resulted in an increase in lending of SEK 1,1 billion, or 5%, to SEK 26 billion. Our successful business model and not least our collaboration with our owners/partners is, as always, the reason for recent volume and profit growth.

At the end of May, we received the long-awaited news that we were once again a bank with an 'A' credit rating. The last time we enjoyed this rating was in October 2008. Moody's upgraded rating is partly a result of Volvofinans Bank improving its key figures in recent years and partly a result of a modified rating method.

Our industry faces a number of challenges in the digital world, in the area called Fintech (Financial Technology). Volvofinans Bank is working hard to make the bank's services even more attractive and readily available using new technology. As a niche bank in the vehicle ownership segment, our aim is to further develop the Car Bank, which is a big source of inspiration to us and our partners. An exciting autumn awaits us!



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 21 August 2015.

Financial reports

Ownership/Operations

Since its establishment in 1959, Volvofinans Bank 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 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 11% compared with the same period in the previous year. 167,984 (151,747) passenger vehicles were registered in total. Volvo, Renault and Ford registrations accounted for 47,558 (44,190) of these and total market shares amounted to 28% (29).

44% (45) 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 35% respectively. In addition, Volvofinans Bank also finances the Swedish Volvo dealers' truck sales, apart from those that occur through the AB Volvo-owned Volvo Truck Centre. Penetration for new trucks was 47% (49).

The total contract portfolio (loan and leasing contracts) amounted to 206,763 contracts (198,046). The proportion of trucks and buses in the contract portfolio amounted to 5,937 contracts (6,042), representing 3%. The Fleet Finance administers 29,683 (27,882) vehicle fleet contracts.

Goods and services purchased using the Volvo Card totalled SEK 5.4 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 212 million via the 21,200 cards.

The lending volume was SEK 26.0 billion, compared with SEK 24.9 billion in the previous year. The truck and bus share of lending was SEK 2.0 billion (2.2), which corresponds to 8% of total lending. The Fleet Finance accounted for SEK 5.2 billion (5.1), or 20% of lending, and the Volvo Card for 6%, or SEK 1.6 billion (1.7).

Volvofinans Bank's operational segments are Volvo Card, Sales Finance Cars, Sales Finances 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 volumes 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 administrative 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 therefore cannot be attributed to a specific segment.

Jan-June 2015	Sales Finance Cars	Sales Finance Trucks	Fleet Finance	Volvo Card	Total
Operating income*, SEK thousand	124,210	15,966	66,140	146,806	353,122
Operating expenses**, SEK thousand	-40,778	-7,659	-27,964	-83,398	-159,799
Credit losses**, SEK thousand	136	-132	157	-6,821	-6,660
Operating profit, SEK thousand	83,568	8,175	38,333	56,587	186,663
Average lending volume, SEK million	16,143	2,099	5,353	1,084	24,679
Average number of contracts	169,118	5,888	60,886	-	235,892
Average number of active accounts	-	1,881	-	454,122	456,003

* 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-June 2015	Loans	Leases	Total
Number of contracts	114,714	92,049	206,763
Average contract, SEK thousand	102	169	132
Collateral value, SEK million	11,739	15,570	27,309
Credit utilised, SEK million	10,921	13,357	24,278
Loan-to-value ratio	93	86	89
Market value, SEK million	15,757	13,995	29,752
Surplus value, SEK million	4,837	637	5,474
Surplus value, %	44	5	23

Profit

Volvofinans Bank's profit before credit loss expenses is SEK 193.3 million (170.6), an increase of 13%. The increase in profit is primarily attributable to improved borrowing margins and increased lending volumes. Profit for the period increased by 14% to SEK 186.7 million (164.4).

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 14.3 million (13.8) and for loan and lease lending SEK 108.8 million (165.4).

With regard to commitments relating to loan and leasing lending, as well as collateral in the financed items, there are recourse agreements in place meaning that the dealers bear the credit risk of SEK 99.4 million on the balance sheet date. Credits with interest concessions or property received to provide security for receivables totals SEK 28.7 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-June	2014 Jan-June	2014 Jan-Dec
Credit losses, net			
Specific provision for collectively valued receivables *			
Write-off of confirmed credit losses for the period	-7,287	-9,141	-18,105
Impairment for the period	-7,662	-486	-7,722
Received from previous years' confirmed credit losses	464	464	1,045
Reversed provisions no longer required for probable credit losses	6,511	194	7,939
Net cost for specific provisions for collectively valued receivables for the period	-7,974	-8,969	-16,843
Collective provision for losses incurred but not yet reported **			
Impairment for the period	-2,048	-	-2,814
Reversed provisions no longer required for probable credit losses	3,362	2,844	7,713
Net cost for the period for collective provisions	1,314	2,844	4,899
Credit losses, net	-6,660	-6,125	-11,944

* 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 increased during the second quarter by SEK 244 million, and thus amounted to SEK 11.9 billion (12.1) at the end of the first half of the year. Total deposits including the credit balance on the Volvo Card and deposits from Volvo dealerships amounted to SEK 13.6 billion (13.8), accounting for 56% (60) of the bank's financing.

Demand for the bank's securities has remained very good. Bonds worth SEK 2.6 billion were issued during the first half of the year, SEK 1.4 billion during the second quarter. At the end of the year, outstanding financing via the bank's market loans programme amounted to a nominal SEK 9.9 billion (7.6).

In addition to deposits and market borrowing, operations were financed through bank loans, in the amount of SEK 1.0 billion (1.6). The proportion of long-term financing with a remaining term of more than one year constituted 68% (60).

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 30 June, the liquidity reserve totalled SEK 3.5 billion (3.2), of which the securities portfolio constituted SEK 2.2 billion (63%) and deposits at other banks SEK 1.3 billion (37%). 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 13% (13). 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 296% at the end of June. NSFR (Net Stable Funding Ratio) according to Volvofinans Bank's interpretation of the Basel Committee's new recommendation (BCBS295) was 143%.

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:	A3
– Outlook:	Stable

In March, Moody's reviewed Volvofinans Bank's credit rating, which was a step in the roll-out of a new rating method, which in turn is linked to the EU's crisis handling directive. The outcome of this review was announced on 28 May, with the certificate for long-term financing being raised by two notches from Baa2 to A3.

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 CET1 capital ratio was 20.86%. The leverage ratio was 9.88 %, 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, August 2015

Urmás Kruusval
Chairman of the Board of Directors

Tommy Andersson
Board Member

Anders Gustafsson
Board Member

Bob Persson
Board Member

Per Avander
Board Member

Synnöve Trygg
Board Member

Conny Bergström
President and CEO

Calendar

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.

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

KPI

	30/06/2015	30/06/2014	31/12/2014
Return on equity, %	9.19	8.09	8.14
Risk capital/Balance sheet total, %	12.94	14.20	12.68
Deposits/Lending, %	52.91	55.84	55.44
Operating profit/Risk-weighted assets, %	2.58	2.34	2.40
Capital adequacy ratio	2.61	2.66	2.74
Total capital ratio, %	20.86	21.31	21.93
Common Equity Tier1 capital ratio, %	20.86	21.31	21.93
Credit losses/Lending, %	0.05	0.05	0.04
E/I ratio	0.47	0.49	0.51
E/I ratio, excl. credit losses	0.45	0.47	0.49

Income statement

	Amounts in SEK thousand					
	2015 Q2	2015 Q1	2014 Q2	2015 Jan-June	2014 Jan-June	2014 Jan-Dec
Interest income	101,367	110,511	135,164	211,878	272,386	515,616
Lease income	897,417	887,049	874,172	1,784,466	1,734,312	3,517,264
Interest expenses	-64,150	-80,487	-129,025	-144,638	-266,429	-470,094
Net interest	934,634	917,073	880,311	1,851,706	1,740,268	3,562,786
Dividends received	421	688	697	1,108	1,230	2,822
Commission income	90,570	86,395	86,759	176,965	168,242	345,550
Commission expenses	-4,659	-4,638	-6,165	-9,297	-11,755	-23,798
Net result of financial transactions*	-1,353	-3,579	-901	-4,932	-1,569	-4,281
Other operating income	228	-	-	228	-	-
Total operating income	1,019,841	995,938	960,700	2,015,778	1,896,416	3,883,079
General administration expenses	-71,536	-71,907	-67,116	-143,443	-133,267	-265,477
Depreciation, amortisation and impairment of property, plant and equipment and intangible non-current assets	-837,861	-823,241	-791,787	-1,661,102	-1,569,391	-3,222,350
Other operating expenses	-8,776	-9,134	-12,068	-17,910	-23,186	-52,661
Total operating expenses	-918,173	-904,282	-870,971	-1,822,455	-1,725,844	-3,540,488
Profit before credit losses	101,668	91,656	89,729	193,323	170,572	342,591
Credit losses, net	-1,731	-4,929	-1,026	-6,660	-6,125	-11,944
Profit before appropriations and tax	99,937	86,727	88,703	186,663	164,447	330,647
Appropriations	-	-	-	-	-	961,539
Tax	-21,986	-19,080	-19,515	-41,066	-36,178	-284,914
Profit	77,951	67,647	69,189	145,597	128,269	1,007,271
* Net result of financial transactions						
Interest-bearing securities and related derivatives	-1,353	-3,579	-901	-4,932	-1,569	-4,281
Total	-1,353	-3,579	-901	-4,932	-1,569	-4,281

Balance sheet

Amounts in SEK thousand

	30/06/2015	30/06/2014	31/12/2014
Chargeable treasury bills etc.	1,301,325	1,172,186	1,170,846
Lending to credit institutions	1,290,950	1,049,364	1,784,781
Lending to the public	12,920,259	12,699,884	12,650,593
Bonds and other interest-bearing securities	885,363	993,470	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	6,861	6,965	5,561
Property, plant and equipment, inventory	1,504	1,320	1,313
Property, plant and equipment, lease items	13,107,749	12,220,943	12,194,744
Other assets*	578,685	580,220	596,242
Prepayments and accrued income	47,464	45,906	36,535
Total assets	30,161,635	28,788,912	29,299,387
Liabilities to credit institutions	1,000,000	1,550,000	1,550,000
Deposits and borrowing from the public	13,772,458	13,914,987	13,773,551
Securities issued	9,877,821	7,645,587	8,278,759
Other liabilities*	666,899	638,790	876,180
Accruals and deferred income	942,237	948,005	848,069
Total liabilities	26,259,415	24,697,369	25,326,559
Untaxed reserves	2,481,645	3,443,184	2,481,645
Equity	1,233,912	483,912	483,912
Operating profit	186,663	164,447	1,007,271
Total liabilities and equity	30,161,635	28,788,912	29,299,387
* Of which derivative instruments with positive and negative market value			
Derivative instruments with positive market value	24,261	56,269	72,376
Derivative instruments with negative market value	-3,242	-549	-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	-	-	128,269	128,269
Total change before transactions with shareholders	-	-	128,269	128,269
Dividends	-	-	-215,093	-215,093
Closing equity, 30 June 2014	400,000	20,000	192,181	612,181
	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
	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	-	-	145,598	145,598
Total change before transactions with shareholders	-	-	145,598	145,598
Dividends	-	-	-257,271	-257,271
Closing equity, 30 June 2015	400,000	20,000	959,510	1,379,510

Cash flow statement

Amounts in SEK thousand

	2015 Jan-June	2014 Jan-June	2014 Jan-Dec
Operating activities			
Operating profit	186,663	164,447	330,647
Adjustment of items not included in cash flow			
Unrealised portion of net result of financial transactions	-4,932	-1,568	-4,281
Depreciation, amortisation and impairment	1,658,813	1,562,457	3,232,162
Credit losses	7,245	11,193	22,123
Tax paid	-	-	-284,914
Changes in operating assets and liabilities			
Chargeable treasury bills etc.	-130,479	119,561	120,901
Lending to credit institutions	493,831	1,536,130	800,713
Lending to the public	-276,643	-230,558	-191,311
Bonds and other interest-bearing securities	-48,066	279,088	435,261
Other assets	6,360	91,153	83,616
Liabilities to credit institutions	-550,000	-	-
Borrowing from the public	-1,093	-350,519	-491,955
Securities issued	1,599,062	-668,920	-35,748
Other liabilities	-110,182	-2,664	137,503
Cash flows from operating activities	2,830,579	2,509,800	4,154,717
Investing activities			
Capitalised development expenditure	-2,405	-	-
Investments in shares and participations	-	-	-2,822
Acquisition of property, plant and equipment	-4,408,800	-4,160,019	-7,134,404
Sale of property, plant and equipment	1,837,897	1,865,312	3,197,602
Cash flows from investing activities	-2,573,308	-2,294,707	-3,939,624
Financing activities			
Dividend paid	-257,271	-215,093	-215,093
Cash flows from financing activities	-257,271	-215,093	-215,093
Cash flow for the period			
Cash and cash equivalents at start of year	-	-	-
Cash flows from operating activities	2,830,579	2,509,800	4,154,717
Cash flows from investing activities	-2,573,308	-2,294,707	-3,939,624
Cash flows from financing activities	-257,271	-215,093	-215,093
Cash and cash equivalents at the end of the period	-	-	-

Capital base

	Amounts in SEK thousand		
	30/06/2015	30/06/2014	31/12/2014
Common Equity Tier1 capital			
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	-6,861	-6,965	-5,561
AVA	-2,214	-2,123	-1,981
IRB shortfall	-143,892	-160,077	-135,637
Common Equity Tier1 capital	3,016,628	3,000,430	3,026,416
Total capital base	3,016,628	3,000,430	3,026,416
Capital base according to Basel I	3,160,520	3,160,507	3,162,053

Capital adequacy

	Amounts in SEK thousand		
	30/06/2015	30/06/2014	31/12/2014
Without transitional rules			
Risk-weighted assets	14,460,867	14,078,451	13,801,517
Capital adequacy ratio	2.61	2.66	2.74
Common Equity Tier1 capital ratio, %	20.86	21.31	21.93
Total capital ratio, %	20.86	21.31	21.93
With transitional rules*			
Risk-weighted assets	21,359,121	20,514,995	20,547,387
Capital adequacy ratio	1.85	1.93	1.92
Common Equity Tier1 capital ratio, %	14.80	15.41	15.39
Total capital ratio, %	14.80	15.41	15.39

Internally assessed capital requirement amounted to SEK 1,453 billion (1,389 at the turn of the year).

Capital requirement and risk-weighted exposure amount

	Amounts in SEK thousand					
	Capital requirement	30/06/2015 Risk-weighted exposure amount	Capital requirement	30/06/2014 Risk-weighted exposure amount	Capital requirement	31/12/2014 Risk-weighted exposure amount
Credit risk according to IRB						
Corporate exposure	312,671	3,908,390	307,764	3,847,045	296,423	3,705,283
Household exposure	457,667	5,720,832	438,703	5,483,793	448,115	5,601,441
Non-credit-obligation asset exposures	212,039	2,650,489	208,673	2,608,417	177,434	2,217,925
Total according to IRB	982,377	12,279,711	955,140	11,939,256	921,972	11,524,648
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	294	3,675	363	4,538	324	4,048
Institutional exposure	21,307	266,343	18,003	225,032	30,017	375,207
Corporate exposure	25,605	320,058	29,671	370,889	25,335	316,682
Household exposure	23,013	287,661	22,627	282,835	20,419	255,238
Unsettled items	189	2,367	1,771	22,134	2,917	36,463
Covered bonds	7,076	88,448	7,940	99,248	6,692	83,646
Share exposures	1,718	21,475	1,492	18,653	1,718	21,475
Other items	1,788	22,354	1,231	15,383	786	9,821
Total according to the standardised method	80,990	1,012,380	83,097	1,038,711	88,206	1,102,578
Operational risk	92,768	1,159,598	87,089	1,088,613	92,768	1,159,598
Credit valuation adjustment (CVA)	734	9,179	950	11,871	1,175	14,692
Total minimum capital requirement and risk-weighted exposure amount	1,156,869	14,460,867	1,126,276	14,078,451	1,104,121	13,801,517
* Total capital requirement and risk-weighted exposure according to transitional rules Basel I	1,708,730	21,359,121	1,641,200	20,514,995	1,643,791	20,547,387

Capital and buffer requirements

	30/06/2015			30/06/2014			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
Per cent									
Common Equity Tier1 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
Amount									
Common Equity Tier1 capital	650,739	361,522	1,012,261	633,530	-	633,530	621,068	345,038	966,106
Tier 1 capital	867,652	361,522	1,229,174	844,707	-	844,707	828,091	345,038	1,173,129
Total capital base	1,156,869	361,522	1,518,391	1,126,276	-	1,126,276	1,104,121	345,038	1,449,159
Total Pillar I capital requirement			1,518,391			1,126,276			1,449,159

Lease income and accumulated net interest

	Amounts in SEK thousand					
	2015 Q2	2015 Q1	2014 Q2	2015 Jan-June	2014 Jan-June	2014 Jan-Dec
Income from operating and finance leases	897,417	887,049	874,172	1,784,466	1,734,312	3,517,264
Scheduled amortisation	-839,528	-822,900	-793,711	-1,662,428	-1,574,282	-3,208,778
Interest income	101,367	110,511	135,164	211,878	272,386	515,616
Interest expenses	-64,150	-80,487	-129,025	-144,638	-266,429	-470,094
Accumulated net interest	95,106	94,173	86,600	189,279	165,987	354,008

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 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	24,261	-3,242	21,262

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

30/06/2015	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
Chargeable treasury bills etc.	-	1,301,325	-	-	-	1,301,325	1,301,325
Lending to credit institutions	1,290,950	-	-	-	-	1,290,950	1,290,950
Lending to the public	12,920,259	-	-	-	-	12,920,259	12,904,580
Bonds and other interest-bearing securities	-	885,363	-	-	-	885,363	885,363
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	-	-	-	-	6,861	6,861	-
Property, plant and equipment, inventory	-	-	-	-	1,504	1,504	-
Property, plant and equipment, lease items	-	-	-	-	13,107,749	13,107,749	-
Other assets	378,717	-	-	21,785	178,183	578,685	578,685
Prepayments and accrued income	40,997	-	-	-	6,467	47,464	47,464
Total assets	14,630,923	2,186,688	-	21,785	13,322,239	30,161,635	

Liabilities

30/06/2015	Financial liabilities at fair value through the income statement	Non-financial liabilities	Derivatives used in hedge accounting	Other financial liabilities	Total	Fair value
Liabilities to credit institutions	-	-	-	1,000,000	1,000,000	999,107
Deposits and borrowing from the public	-	-	-	13,772,458	13,772,458	13,771,869
Securities issued	-	-	-	9,877,821	9,877,821	9,930,882
Other liabilities	766	319,410	-	346,723	666,899	666,899
Accruals and deferred income	-	780,404	-	161,833	942,237	942,237
Total liabilities	766	1,099,814	-	25,158,835	26,259,415	

Accounting policies

Volvofinans Bank applies legally limited IFRS, which means that the interim report is prepared in accordance with IFRS with the additions and exceptions laid down 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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