

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

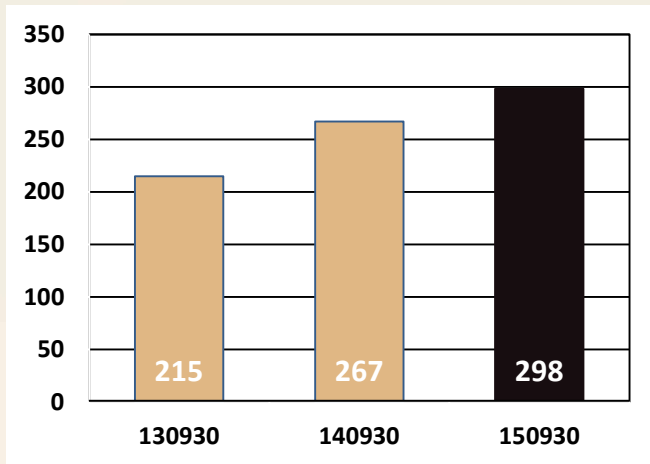
2015



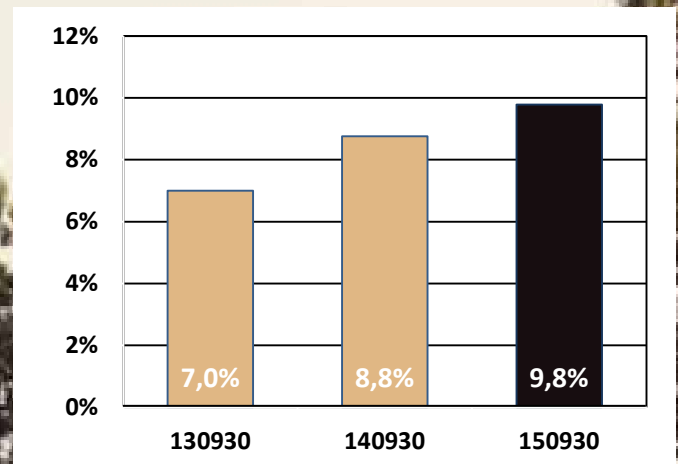
VOLVOFINANS

Strong profit trend in the third quarter

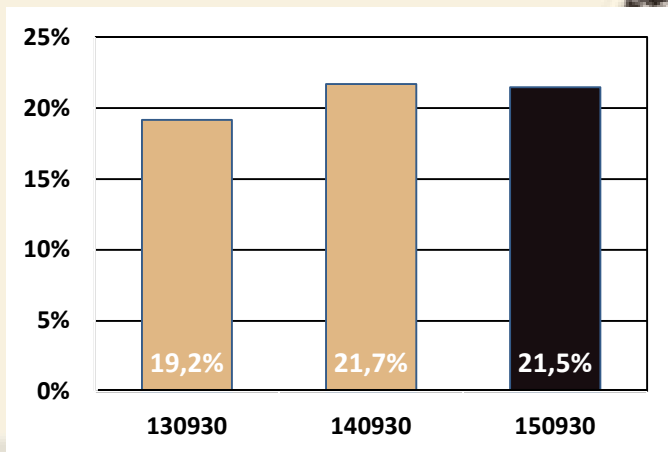
Operating profit, SEK million



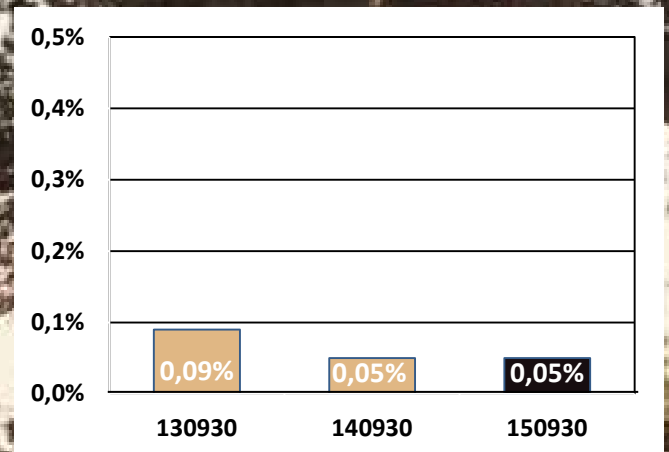
Return on equity



Common Equity Tier 1 capital ratio



Credit losses/lending



Message from the President

January–September 2015 highlights

Income before tax: SEK 298.3 million (266.9)

Return on equity: 9.8 % (8.8)

Lending as per 30 September: SEK 25.9 billion (24.6)

Credit losses, net: SEK 9.0 million (8.9)

Common Equity Tier 1 capital ratio: 21.5 % (21.7)

The strong trend in new car sales in Sweden continues month after month, and in October we saw the twenty-second consecutive month of increased sales compared with the same month last year. Moreover, October was the best ever month for new car sales with 31,563 registrations. The strong sales trend is one of the reasons that Volvofinans Bank achieved a record result for the first nine months - SEK 298.3 million - representing an increase of 12% compared with the corresponding period last year.

In the Swedish passenger car market, a total of 248,653 new registrations were recorded for the period January–September, which represents an increase of almost 12%. These strong registration figures are, for the most part, attributable to a favorable economic climate combined with low interest rates. In addition, the popularity of private leasing as a relatively new form of financing continues to increase. Volvo remained the best-selling brand with a market share of 19.1% and Renault also increased its sales by 7.6% for the period. The sales of new trucks (> 16 tonnes) amounted to 3,384 vehicles for the same period - a slight decrease of 1%.

The combination of historically high vehicle sales and competitive financing deals resulted in increased lending of 5% - or SEK 1.3 billion - to SEK 25.9 billion. Our successful business model, and not least, our close collaboration with our owners and partners, is very much the basis for the recent volume and earnings growth. Net interest income developed positively due to both lower funding costs and lending growth. However the current negative interest environment moves development in the opposite direction.

In our macro business environment, we have experienced mixed economic signals with slow growth in the Eurozone and a reported slowdown in China. On the other hand, the US Federal Reserve is, according to many analysts, expected to raise its key interest rate in December after a long period of positive economic data. On a micro level, we follow with interest developments in the Volkswagen case and their potential effects on the Swedish market for incorrectly specifying emission values. So far however, we see no immediate changes in either the demand or the value of VW cars in our fleet business.

We look forward to a continued positive automotive market in 2016, a year in which Volvo Cars will launch its new S90 and V90 models, creating a lot of interest around the brand. Finally, Volvofinans Bank is also working intensively in order to compete in an exciting new digital business environment - work which opens up opportunities to further strengthen its niche position as The Car Bank.

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 November 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 with the Sixth Swedish National Pension Fund (AP-fonden) owning 40% and Volvo Car Corporation (Volvo Personvagnar AB) the remaining 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) and as of 31 December 2010, Volvofinans Bank does not prepare consolidated accounts as activities in subsidiaries 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 248,653 (222,636) passenger vehicles were registered. The number of Volvo, Renault and Ford registrations was 68,136 (63,086), and their combined market share was 27% (28).

43% (45) of all passenger car business, new and used, within the Swedish Volvo dealerships generated a financial contract with Volvofinans Bank. New and used vehicle penetration was 49% 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 48% (49).

The total contract portfolio (loan and leasing contracts) amounted to 207,728 contracts (199,328). The truck and bus element of the contract portfolio totalled 5,877 contracts (5,971), which is 3% of the total. Fleet Finance administered 30,536 (28,197) vehicle fleet contracts.

Goods and services purchased using the Volvo Card totalled SEK 8.2 billion and the number of accounts actively purchasing is half a million per month. Goods and services to a value of SEK 308 million were purchased using the 21,000 Volvo Truck Cards.

Lending volumes were SEK 25.9 billion, compared with SEK 24.6 billion in the previous year. The truck and bus share of lending was SEK 1.9 billion (2.1), which corresponds to 7% of total lending. Fleet Finance accounts for SEK 5.5 billion (5.1), or 21% of lending, and the Volvo Card for 6%, or SEK 1.5 billion (1.7).

Volvofinans Bank's operating segments are: the Volvo Card, Sales Finance Cars, Sales Finance Trucks and Fleet Finance. The Sales Finance Cars segment includes the financing of passenger cars through loans and leases and the Sales Finance Trucks segment includes the financing of 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 can be found 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 therefore cannot be attributed to a specific segment.

Jan-Sep 2015	Sales Finance Cars	Sales Finance Trucks	Fleet Finance	Volvo Card	Total
Operating income*, SEK thousand	191,466	24,228	100,804	220,897	537,395
Operating expenses**, SEK thousand	-60,028	-11,028	-42,353	-116,638	-230,047
Credit losses, net***, SEK thousand	148	100	175	-9,460	-9,037
Operating profit, SEK thousand	131,586	13,300	58,626	94,799	298,311
Interest-bearing lending volume, SEK million (average)	16,305	2,106	5,512	1,075	24,998
Average number of contracts	170,110	5,894	61,681	-	237,685
Average number of active accounts	-	1,835	-	454,732	456,567

* 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-Sep 2015	Loans	Leases	Total
Number of contracts	115,429	92,299	207,728
Average contract, SEK thousand	102	168	132
Collateral value, SEK million	11,813	15,505	27,318
Credit utilised, SEK million	10,992	13,210	24,202
Loan-to-value ratio	93	85	89
Market value, SEK million	16,112	14,032	30,144
Surplus value, SEK million	5,120	822	5,942
Surplus value, %	47	6	25

Profit

Volvofinans Bank's profit before credit loss expenses amounted to SEK 307.3 million (275.9), an increase of 11%. This increase in profit is primarily attributable to lower borrowing margins as well as higher lending volumes. Profit for the period increased by 12% to SEK 298.3 million (266.9).

Credit risks and credit losses

The credit risk for Volvofinans Bank is deemed as very low as, under agreements in place, the predominant part of both the credit and the residual value risk is borne by each Volvo dealer. Problem credits are defined as all defaulted receivables, i.e. those more than 90 days in arrears or a given default for other reasons. Volvofinans Bank's problem credits for credit card receivables totalled SEK 10.4 million (13.6) and for loan and lease lending SEK 106.9 million (168.3).

With regard to commitments relating to loan and lease 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 97.6 million on the balance sheet date.

Credits with interest concessions or property taken over to protect claims amounted to SEK 18.9 million. Confirmed customer losses refer to credit card transactions. Anticipated credit loss impairment for the household 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	2014	2014
Credit losses, net	Jan-Sep	Jan-Sep	Jan-Dec
Specific provision for collectively valued receivables *			
Write-off of confirmed credit losses for the period	-5,587	-13,639	-18,105
Impairment for the period	-12,960	-7,837	-7,722
Received from previous years' confirmed credit losses	874	748	1,045
Reversed provisions no longer required for probable credit losses	6,810	7,583	7,939
Net cost for specific provisions for collectively valued receivables for the period	-10,863	-13,145	-16,843
Collective provision for losses incurred but not yet reported **			
Impairment for the period	-2,806	-2,163	-2,814
Reversed provisions no longer required for probable credit losses	4,632	6,374	7,713
Net cost for the period for collective provisions	1,826	4,211	4,899
Credit losses, net	-9,037	-8,934	-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 third quarter, an increase amounting to SEK 380 million with the total balance being SEK 12.3 billion (11.5) as at 30 September 2015.

Total deposits, including deposits kept on the Volvo Card and deposits from the Volvo dealers amounted to SEK 14.0 billion (13.6) and accounted for 59% (59) of the bank's funding.

Bonds worth SEK 2.6 billion have been issued during the first nine months although none have been issued in quarter three. Outstanding financing via the bank's market loans program amounted to a nominal SEK 8.9 billion (7.8).

In addition to 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 was 73% (61).

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 both a liquidity reserve, with high-quality liquid securities and unrestricted deposits in other bank's, as well as agreed credit facilities that can be utilized 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 unutilized credit facilities.

As at 30 September, the liquidity reserve totalled SEK 3.3 billion (3.2), of which the securities portfolio constituted SEK 2.0 billion (63%) and deposits in other banks SEK 1.2 billion (37%). Volvofinans Bank's liquidity reserve must be no less than 10 % of lending at all times. At the end of the third quarter this proportion was 13 % (13). In addition to the liquidity reserve, unutilized 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 277% as at 30 September. Finally, the 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 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: A3
- Outlook: Stable

You will find a detailed analysis from Moody's on our website, volvofinans.se

Capital adequacy

Volvofinans Bank calculates the majority of its credit risk using an 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 common equity tier 1 capital ratio in accordance with Basel III was 21.48%. The leverage ratio was 10.00%, 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, November 2015

Conny Bergström
President and CEO

Calendar

22 February 2016	Year-end Report 2015
Week 12 2016	Annual Report
15 June 2016	Annual General Meeting
20 May 2016	Interim Report January–March
26 August 2016	Interim Report January–June
18 November 2016	Interim Report January–September

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

	30/09/2015	30/09/2014	31/12/2014
Return on equity, %	9.79	8.76	8.14
Risk capital/Balance sheet total, %	13.52	14.70	12.68
Deposits/Lending, %	54.32	55.20	55.44
Operating profit/Risk-weighted assets, %	2.83	2.58	2.40
Total capital ratio, %	21.48	21.70	21.93
Common equity tier 1 capital ratio, %	21.48	21.70	21.93
Credit losses/Lending, %	0.05	0.05	0.04
E/I ratio	0.45	0.46	0.51
E/I ratio, excl. credit losses	0.43	0.44	0.49

Income statement

	Amounts in SEK thousand					
	2015 Q3	2015 Q2	2014 Q3	2015 Jan-Sep	2014 Jan-Sep	2014 Jan-Dec
Interest income	98,298	101,367	121,707	310,177	394,093	515,616
Lease income	912,771	897,417	893,953	2,697,237	2,628,265	3,517,264
Interest expenses	-54,446	-64,150	-109,222	-199,084	-375,651	-470,094
Net interest	956,623	934,634	906,438	2,808,330	2,646,706	3,562,786
Dividends received	353	421	1,076	1,461	2,306	2,822
Commission income	87,138	90,570	84,927	264,103	253,169	345,550
Commission expenses	-5,387	-4,659	-5,557	-14,684	-17,313	-23,798
Net result of financial transactions*	956	-1,353	-1,246	-3,976	-2,814	-4,281
Other operating income	502	228	-	730	-	-
Total operating income	1,040,185	1,019,841	985,637	3,055,964	2,882,054	3,883,079
General administration expenses	-61,190	-71,536	-60,631	-204,634	-193,898	-265,477
Depreciation, amortisation and impairment of property, plant and equipment and intangible non-current assets	-857,794	-837,861	-812,988	-2,518,895	-2,382,378	-3,222,350
Other operating expenses	-7,177	-8,776	-6,730	-25,087	-29,917	-52,661
Total operating expenses	-926,161	-918,173	-880,348	-2,748,616	-2,606,193	-3,540,488
Profit before credit losses	114,024	101,668	105,290	307,348	275,861	342,591
Credit losses, net	-2,378	-1,731	-2,808	-9,037	-8,934	-11,944
Profit before appropriations and tax	111,646	99,937	102,480	298,311	266,928	330,647
Appropriations	-	-	-	-	-	961,539
Tax	-24,562	-21,986	-22,546	-65,628	-58,725	-284,914
Profit	87,084	77,951	79,935	232,683	208,203	1,007,271
* Net result of financial transactions						
Interest-bearing securities and related derivatives	956	-1,353	-1,246	-3,976	-2,814	-4,281
Total	956	-1,353	-1,246	-3,976	-2,814	-4,281

Balance sheet

	Amounts in SEK thousand		
	30/09/2015	30/09/2014	31/12/2014
Chargeable treasury bills etc.	1,201,427	1,171,833	1,170,846
Lending to credit institutions	1,220,354	1,202,591	1,784,781
Lending to the public	12,728,491	12,521,978	12,650,593
Bonds and other interest-bearing securities	836,060	838,211	837,297
Shares and participations in associated and other companies	14,735	11,913	14,735
Shares and participations in Group companies	6,742	6,740	6,740
Intangible non-current assets	7,637	6,226	5,561
Property, plant and equipment, inventory	1,411	1,194	1,313
Property, plant and equipment, lease items	13,126,469	12,059,960	12,194,744
Other assets*	505,519	645,403	596,242
Prepayments and accrued income	44,104	40,997	36,535
Total assets	29,692,949	28,507,045	29,299,387
Liabilities to credit institutions	1,000,000	1,550,000	1,550,000
Deposits and borrowing from the public	14,043,642	13,568,014	13,773,551
Securities issued	8,937,570	7,593,030	8,278,759
Other liabilities*	733,079	611,024	876,180
Accruals and deferred income	964,790	990,955	848,069
Total liabilities	25,679,081	24,313,022	25,326,559
Untaxed reserves	2,481,645	3,443,184	2,481,645
Equity	1,233,912	483,912	483,912
Operating profit	298,311	266,928	1,007,271
Total liabilities and equity	29,692,949	28,507,045	29,299,387
* Of which derivative instruments with positive and negative market value			
Derivative instruments with positive market value	27,750	63,389	72,376
Derivative instruments with negative market value	-739	-833	-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	-	-	208,203	208,203
Total change before transactions with shareholders	-	-	208,203	208,203
Dividends	-	-	-215,093	-215,093
Closing equity, 30 September 2014	400,000	20,000	272,115	692,115
	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	-	-	232,683	232,683
Total change before transactions with shareholders	-	-	232,683	232,683
Dividends	-	-	-257,271	-257,271
Closing equity, 30 September 2015	400,000	20,000	1,046,595	1,466,595

Cash flow statement

	Amounts in SEK thousand		
	2015 Jan-Sep	2014 Jan-Sep	2014 Jan-Dec
Operating activities			
Operating profit	298,311	266,928	330,647
Adjustment of items not included in cash flow			
Unrealised portion of net result of financial transactions	-3,976	-2,814	-4,281
Depreciation, amortisation and impairment	2,518,430	2,371,180	3,232,162
Credit losses	15,573	16,928	22,123
Tax paid	-	-	-284,914
Changes in operating assets and liabilities			
Chargeable treasury bills etc.	-30,581	119,914	120,901
Lending to credit institutions	564,427	1,382,903	800,713
Lending to the public	-92,862	-57,703	-191,311
Bonds and other interest-bearing securities	1,238	434,347	435,261
Other assets	82,544	30,195	83,616
Liabilities to credit institutions	-550,000	-	-
Deposits and borrowing from the public	270,091	-697,493	-491,955
Securities issued	658,811	-721,478	-35,748
Other liabilities	-22,404	13,767	137,503
Cash flows from operating activities	3,709,601	3,156,674	4,154,717
Investing activities			
Capitalised development expenditure	-3,586	-	-
Investments in shares and participations	-2	-	-2,822
Acquisition of property, plant and equipment	-5,924,900	-5,464,018	-7,134,404
Sale of property, plant and equipment	2,476,158	2,522,436	3,197,602
Cash flows from investing activities	-3,452,330	-2,941,582	-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	3,709,601	3,156,674	4,154,717
Cash flows from investing activities	-3,452,330	-2,941,582	-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		
	30/09/2015	30/09/2014	31/12/2014
Common equity tier 1 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	-7,637	-6,226	-5,561
AVA	-2,066	-1,974	-1,981
IRB shortfall	-145,170	-171,031	-135,637
Core tier 1 capital	3,014,722	2,990,364	3,026,416
Total capital base	3,014,722	2,990,364	3,026,416
Capital base according to Basel I	3,159,893	3,161,395	3,162,053

Capital adequacy

	Amounts in SEK thousand		
	30/09/2015	30/09/2014	31/12/2014
Without transitional rules			
Risk-weighted assets	14,037,792	13,783,561	13,801,517
Capital adequacy ratio	2.68	2.71	2.74
Common equity tier 1 capital ratio, %	21.48	21.70	21.93
Total capital ratio, %	21.48	21.70	21.93
With transitional rules			
Risk-weighted exposure amount	21,227,538	20,288,226	20,547,387
Capital adequacy ratio	1.86	1.95	1.92
Common equity tier 1 capital ratio, %	14.89	15.58	15.39
Total capital ratio, %	14.89	15.58	15.39

Internally assessed capital requirement amounted to SEK 1,367 million (1,389 at the turn of the year).

Capital requirement and risk-weighted exposure amount

	Amounts in SEK thousand					
	30/09/2015 Capital requirement	30/09/2015 Risk-weighted exposure amount	30/09/2014 Capital requirement	30/09/2014 Risk-weighted exposure amount	31/12/2014 Capital requirement	31/12/2014 Risk-weighted exposure amount
Credit risk according to IRB						
Corporate exposure	298,635	3,732,938	302,588	3,782,344	296,423	3,705,283
Household exposures	460,034	5,750,428	442,858	5,535,727	448,115	5,601,441
Non-credit-obligation asset exposures	192,851	2,410,638	188,026	2,350,330	177,434	2,217,925
Total according to IRB	951,520	11,894,004	933,472	11,668,401	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	270	3,376	327	4,088	324	4,048
Institutional exposure	20,194	252,428	20,540	256,748	30,017	375,207
Corporate exposures	23,293	291,157	28,559	356,986	25,335	316,682
Household exposures	23,516	293,951	21,459	268,243	20,419	255,238
Unsettled items	282	3,528	890	11,122	2,917	36,463
Covered bonds	6,682	83,522	6,699	83,737	6,692	83,646
Share exposures	1,718	21,477	1,492	18,653	1,718	21,475
Other items	1,769	22,112	1,105	13,811	786	9,821
Total according to the standardised method	77,724	971,551	81,071	1,013,390	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)	1,011	12,639	1,053	13,157	1,175	14,692
Total minimum capital requirement and risk-weighted exposure amount	1,123,023	14,037,792	1,102,685	13,783,561	1,104,121	13,801,517
Total capital requirement according to transitional rules	1,698,203	21,227,538	1,623,058	20,288,226	1,643,791	20,547,387

Capital and buffer requirements

Amounts in SEK thousand

	30/09/2015			30/09/2014			31/12/2014		
	Common equity tier 1 capital	Tier 1 capital	Total capital base	Common equity tier 1 capital	Tier 1 capital	Total capital base	Common equity tier 1 capital	Tier 1 capital	Total capital base
Per cent									
Minimum capital requirement	4.5	6.0	8.0	4.5	6.0	8.0	4.5	6.0	8.0
Capital conservation buffer	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Countercyclical buffer	1.0	1.0	1.0	-	-	-	-	-	-
Total	8.0	9.5	11.5	7.0	8.5	10.5	7.0	8.5	10.5
Amount									
Minimum capital requirement	631,701	842,267	1,123,023	620,260	827,014	1,102,685	621,068	828,091	1,104,121
Capital conservation buffer	350,945	350,945	350,945	344,589	344,589	344,589	345,038	345,038	345,038
Countercyclical buffer	140,378	140,378	140,378	-	-	-	-	-	-
Total	1,123,023	1,333,590	1,614,346	964,849	1,171,603	1,447,274	966,106	1,173,129	1,449,159

Lease income and accumulated net interest

Amounts in SEK thousand

	2015 Q3	2015 Q2	2014 Q3	2015 Jan-Sep	2014 Jan-Sep	2014 Jan-Dec
Income from operating and finance leases	912,771	897,417	893,953	2,697,237	2,628,265	3,517,264
Scheduled amortisation	-855,411	-839,528	-816,387	-2,517,839	-2,390,669	-3,208,778
Interest income	98,298	101,367	121,707	310,177	394,093	515,616
Interest expenses	-54,446	-64,150	-109,222	-199,084	-375,651	-470,094
Accumulated net interest	101,212	95,106	90,051	290,491	256,038	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 similar agreement.

Amounts in SEK thousand

	Net amount of reported financial assets ¹⁾	Net amount of reported financial liabilities ¹⁾	Net amount / Asset (+), Liability (-)
Amounts which are not to be offset in the balance sheet			
Derivatives	27,750	-739	27,011

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

Carrying amount by category of financial instrument and information about fair value

Amounts in SEK thousand

Assets	Level 1	Level 2	Level 3	Total	
				Fair value	Carrying amount
Chargeable treasury bills etc.	1,201,427	-	-	1,201,427	1,201,427
Lending to credit institutions	-	1,220,354	-	1,220,354	1,220,354
Lending to the public	-	12,709,149	-	12,709,149	12,728,491
Bonds and other interest-bearing securities	-	836,060	-	836,060	836,060
Other assets	-	-	505,519	505,519	505,519
Prepayments and accrued income	-	-	44,104	44,104	44,104
Total	1,201,427	14,765,563	505,519	16,472,509	16,491,851

Liabilities	Level 1	Level 2	Level 3	Total	
				Fair value	Carrying amount
Liabilities to credit institutions	994,303	-	-	994,303	1,000,000
Deposits and borrowing from the public	-	14,043,700	-	14,043,700	14,043,642
Securities issued	8,960,657	-	-	8,960,657	8,937,570
Other liabilities	-	733,078	-	733,078	733,078
Accruals and deferred income	-	-	964,790	964,790	964,791
Total	9,954,960	14,776,778	964,790	25,696,528	25,679,081

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
30/09/2015							
Chargeable treasury bills etc.	-	1,201,427	-	-	-	1,201,427	1,201,427
Lending to credit institutions	1,220,354	-	-	-	-	1,220,354	1,220,354
Lending to the public	12,728,491	-	-	-	-	12,728,491	12,709,149
Bonds and other interest-bearing securities	-	836,060	-	-	-	836,060	836,060
Shares and participations in associated and other companies	-	-	-	-	14,735	14,735	-
Shares and participations in Group companies	-	-	-	-	6,742	6,742	-
Intangible non-current assets	-	-	-	-	7,637	7,637	-
Property, plant and equipment, inventory	-	-	-	-	1,411	1,411	-
Property, plant and equipment, lease items	-	-	-	-	13,126,469	13,126,469	-
Other assets	382,420	-	-	27,750	95,349	505,519	505,519
Prepayments and accrued income	44,104	-	-	-	-	44,104	44,104
Total assets	14,375,369	2,037,487	-	27,750	13,252,343	29,692,949	

Liabilities

	Financial liabilities at fair value through the income statement	Non-financial liabilities	Derivatives used in hedge accounting	Other financial liabilities	Total	Fair value
30/09/2015						
Liabilities to credit institutions	-	-	-	1,000,000	1,000,000	994,303
Deposits and borrowing from the public	-	-	-	14,043,642	14,043,642	14,043,700
Securities issued	-	-	-	8,937,570	8,937,570	8,960,657
Other liabilities	739	246,088	-	486,252	733,079	733,078
Accruals and deferred income	-	195,992	-	768,798	964,790	964,790
Total liabilities	739	442,080	-	25,236,262	25,679,081	

Accounting policies

Volvofinans Bank applies statutory IFRS (International Financial Reporting Standards), which means that the interim report is prepared in accordance with IFRS with amendments and exceptions that follow the Swedish Financial Reporting Board's recommendation RFR 2 on Accounting for Legal Entities, Financial Supervisory Authority's regulations together with general guidelines on annual reports in credit institutions and securities companies, FFFS 2008: 25 in accordance with the amending regulations in FFFS 2009: 11 and the Annual Accounts Act for credit institutions and securities companies. The Bank applies the same valuation and accounting principles as in the annual report. For a description of methods for the determination of fair value, see Note 35 of the Annual Report 2014.

In respect of new or amended international accounting standards (which have been published but not yet applied), Volvofinans Bank is of the opinion that they would have a limited impact on the financial statements. Regarding IFRS 9, which becomes mandatory from 1 January 2018, a preliminary study is underway.



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