



2016

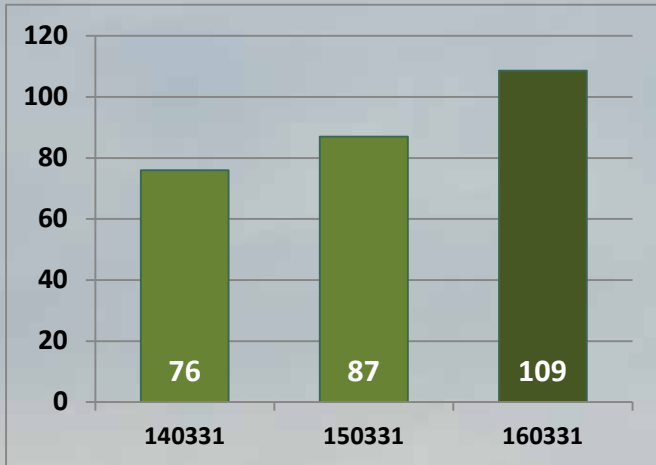
Interim Report Q1 // Volvofinans Bank AB



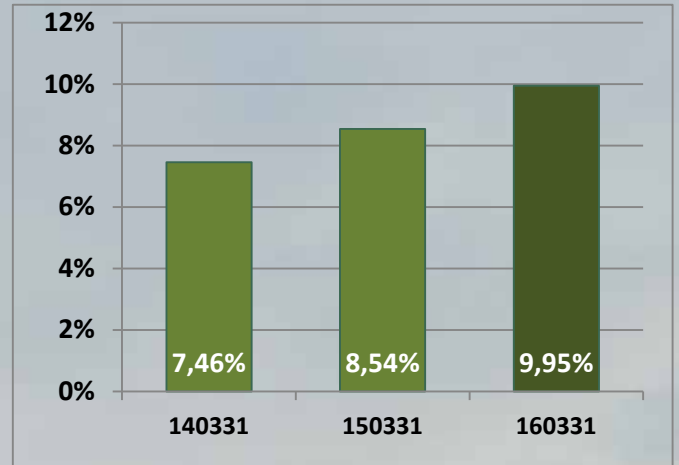
VOLVOFINANS

Summary January-March 2016

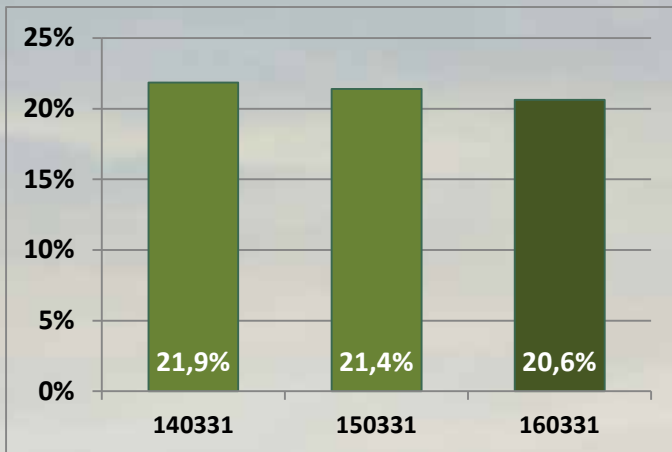
Operating profit, SEK million



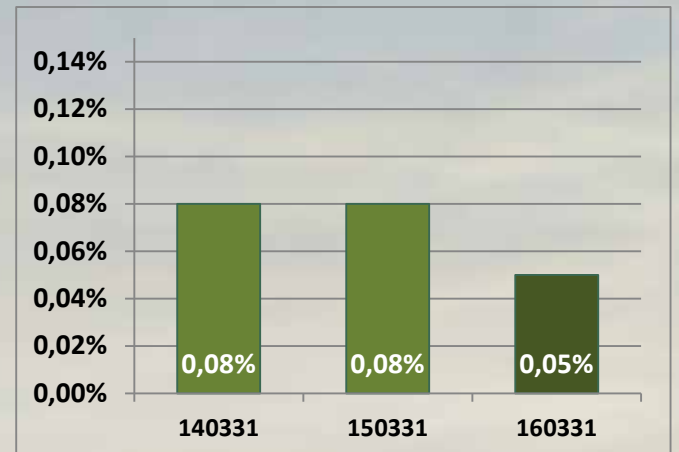
Return on equity



Common Equity Tier 1 capital ratio



Credit losses/lending



Message from the President

January-March 2016 highlights

Profit before taxes: SEK 108.6 million (86.7)

Return on equity: 10.0% (8.5)

Lending as at 31st March: SEK 28.3 million (25.2)

Net credit losses: SEK 3.6 million (4.9)

Common Equity Tier 1 capital ratio: 20.6% (21.4)

The positive earnings trend for Volvofinans Bank continues, with profit for the first quarter increasing by 25% compared with the previous year and amounting to SEK 108.6 million. This earnings trend is particularly good especially when taking the negative interest-rate environment into account, which affects the bank's net interest income - and where the Riksbank delivered yet another reduction in the middle of the quarter.

New car sales - expected to slow slightly compared to 2015 - have instead continued to perform strongly during 2016. As of last day of March, there were 83,229 cars registered, which means an increase in the total market of approximately 10%. Volvo Cars retained its market share in this growing market, and is now preparing itself for the forthcoming shift to the new S/V90 models. Moreover, Renault/Dacia and Ford have increased and maintained respectively their market share during the quarter.

These record car sales mean significantly higher credit volumes for the bank. Increases in lending amounted to 3% - or more than 1 billion during the quarter - primarily consisting of leased assets which, among other things, is the result of our investment in the Fleet Business Area, as well as the growing interest in private leasing. The remaining third consists of hire-purchase loans taken out for passenger cars, as well as a stock purchase of truck contracts in connection with retaking dealers from competing financiers. The total market for trucks (> 16 tonnes) has increased by as much as 19% through March, with Volvo Trucks in first place with 44% of the Swedish market.

In addition to a strong start to the car year, Volvofinans Bank has also been very focused on the launch of its new app for car-related finances: CarPay. This mobile version of the Volvo Card is a strategically important step for the bank and a new digital channel for the Volvo dealers' loyalty and benefit concept. The launch of CarPay, has clearly surpassed our already sky-high expectations and will form an important part of the bank's future payment concepts.

In summary, the beginning of the year has been strong for the bank and at present, we see no evidence to suggest anything other than a continuation of an equally strong car market in Sweden.

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 May 2016.

Conny Bergström
President
Volvofinans Bank AB



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 dormant subsidiaries. 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 subsidiaries are of negligible value.

Trends in volumes/lending Volumes/lending

Sales of new passenger cars in Sweden rose by 10% compared with the same period in the previous year. In total 83,229 (75,733) passenger vehicles were registered. The number of Volvo, Renault and Ford registrations amounted to 22,796 (20,880), and their combined market share was 27% (28).

50% (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 60% (52) and 36% (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 44% (46).

The total contract portfolio (loan and leasing contracts) totalled 218,172 contracts (202,645). The truck and bus section of the contract portfolio amounts to 5,790 contracts (5,898), totalling 3%. The Fleet Finance administers 32,888 (29,459) vehicle fleet contracts.

Goods and services purchased using the Volvo Card totalled SEK 2.6 billion (2.5) 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 98 million (110) via the 21,000 (21,200) cards.

The lending volume was SEK 28.3 billion, compared with SEK 25.2 billion in the previous year. The truck and bus share of lending was SEK 2.1 billion (2.0), which corresponds to 8% of total lending. Vehicle fleet accounts for SEK 4.8 billion (5.1), or 17% of lending, and Volvokort for 5%, or SEK 1.5 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 in Note 2. 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.

Trends in earnings performance and financial position Profit

Volvofinans Bank's profit before credit loss expenses is SEK 112.3 million (91.7), an increase of 22%. The increase in earnings is primarily accounted for by increased borrowing volumes. Profit for the period increased by 25% to SEK 108.6 million (86.7).

Credit risk, credit losses and residual value risk

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 given default for other reasons. Volvofinans Bank's problem credits for credit card receivables total SEK 12.3 million (15.8) and for loan and lease lending SEK 82.1 million (125.4).

With regard to commitments relating to loan and leasing lending, as well as the collateral in the financed items, there are recourse agreements in place meaning that the dealers bear the credit risk of SEK 74.0 million (116.1) on the balance sheet date. Credits with interest concessions or property received to provide security for receivables totals SEK 8.0 million (26.4). 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.

Capital procurement

As with previous years, there has been a marginal increase in savings account volumes during the first quarter of 2016, but seen over 12 months, this increase is SEK 1.3 billion, to SEK 12.9 billion (11.6). Total deposits including the credit balance on the the Volvo Card and deposits from Volvo dealerships amounted to SEK 14.6 billion (13.6), and accounted for 54% (57) of the bank's financing.

Demand for the bank's securities has been very good during the quarter. Bonds worth SEK 1.2 million (1.2), with a maturity of two to five years, have been issued during the quarter. At the end of the quarter, outstanding financing via the bank's market loan programmes, including bonds and commercial papers, amounted to a nominal SEK 11.0 billion (9.1).

In addition to market borrowing, operations are financed through bank loans, to the amount of SEK 1.0 billion (1.4). The share of long-term financing, outstanding bonds and bank loans, amounted to 75% (63).

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 in 2014 of Volvofinans Bank's application to calculate the corporate portfolio using IRB. The core tier 1 capital ratio was 20.64% (21.41). The gross solvency ratio was 9.91% (10.03).

Other significant information

Significant risks and factors of uncertainty

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 interest bearing securities and unrestricted deposits in another bank, but also agreed credit facilities that can be utilised at short notice.

Deposits with a remaining period of less than one year together with a proportion of borrowing must be covered at all times by the liquidity reserve and unutilised credit facilities.

At 31 March, the liquidity reserve totalled SEK 3.6 billion (3.8), of which the securities portfolio constituted SEK 2.2 billion (62%) and deposits at other banks SEK 1.3 billion (38%). 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% (15). In addition to the liquidity reserve, unutilised available loan facilities totalled SEK 4.0 billion (3.7).

Volvofinans Bank's liquid coverage ratio (LCR), calculated in accordance with Article 415 of the EU Capital Requirements Regulation (CRR), was 162% (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 143% (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: A3
- Outlook: Stable

There have been no changes to the credit rating during the period. A detailed and current analysis from Moody's can be found on our website, under the heading "About Volvofinans Bank".

Calendar

- 15 June 2016 Annual General Meeting
- 26 August 2016 Interim Report January–June
- 18 November 2016 Interim Report January–September

Certificate

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 20 May 2016

Conny Bergström
President

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.

Examination

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

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



KPI

	31/03/2016	31/03/2015	31/12/2015
Return on equity, %	9.95	8.54	8.93
Risk capital/Balance sheet total, %	12.71	12.80	12.60
Deposits/Lending, %	51.57	53.96	52.33
Operating profit/Risk-weighted assets, %	2.76	2.46	2.43
Total capital ratio, %	20.64	21.41	21.79
CET 1 capital ratio, %	20.64	21.41	21.79
Credit losses/Lending, %	0.05	0.08	0.04
E/I ratio	0.43	0.50	0.50
E/I ratio, excl. credit losses	0.41	0.47	0.48

Income statement

Amounts in SEK thousand

	2016 Q1	2015 Q4	2015 Q1	2016 Jan-Mar	2015 Jan-Mar	2015 Jan-Dec
Interest income	97,702	92,310	110,511	97,702	110,511	402,487
Lease income	950,125	921,985	887,049	950,125	887,049	3,619,222
Interest expenses	-45,790	-52,605	-80,487	-45,790	-80,487	-251,689
Net interest, Note 4	1,002,037	961,690	917,073	1,002,037	917,073	3,770,020
Dividends received	588	601	688	588	688	2,062
Commission income	84,415	94,667	86,395	84,415	86,395	358,770
Commission expenses	-5,327	-7,618	-4,638	-5,327	-4,638	-22,302
Net result of financial transactions*	1,529	-1,919	-3,579	1,529	-3,579	-5,895
Other operating income	374	645	-	374	-	1,375
Total operating income	1,083,616	1,048,066	995,938	1,083,616	995,938	4,104,030
General administration expenses	-74,026	-75,558	-71,907	-74,026	-71,907	-280,192
Depreciation, amortisation and impairment of property, plant and equipment and intangible non-current assets, Note 4	-887,471	-884,782	-823,241	-887,471	-823,241	-3,403,677
Other operating expenses	-9,833	-20,187	-9,134	-9,833	-9,134	-45,274
Total operating expenses	-971,330	-980,527	-904,282	-971,330	-904,282	-3,729,143
Profit before credit losses	112,286	67,539	91,656	112,286	91,656	374,887
Credit losses, net, Note 5	-3,646	-2,821	-4,929	-3,646	-4,929	-11,858
Profit before appropriations and tax	108,640	64,718	86,727	108,640	86,727	363,029
Appropriations	-	-362,580	-	-	-	-362,580
Tax	-23,901	65,179	-19,080	-23,901	-19,080	-449
Profit	84,739	-232,683	67,647	84,739	67,647	-
* Net result of financial transactions consists of interest-bearing securities and related derivatives.						
Interest-bearing securities and related derivatives	1,529	-1,919	-3,579	1,529	-3,579	-5,895
Profit	1,529	-1,919	-3,579	1,529	-3,579	-5,895

Balance sheet

	Amounts in SEK thousand		
	31/03/2016	31/03/2015	31/12/2015
Chargeable treasury bills etc.	841,701	1,301,792	1,080,515
Lending to credit institutions	1,346,034	1,541,191	1,998,980
Lending to the public	13,698,223	12,662,749	13,690,417
Bonds and other interest-bearing securities	1,387,165	962,085	835,501
Shares and participations in associated and other companies	16,797	14,735	16,797
Shares and participations in Group companies	6,742	6,740	6,742
Intangible non-current assets	7,497	5,619	7,874
Property, plant and equipment, inventory	1,408	1,388	1,535
Property, plant and equipment, lease items	14,619,250	12,541,756	13,691,740
Other assets*	592,231	602,824	638,979
Prepayments and accrued income	58,482	53,308	32,177
Total assets, Note 12	32,575,530	29,694,187	32,001,257
Liabilities to credit institutions	1,000,000	1,350,000	1,000,000
Deposits and borrowing from the public	14,604,636	13,599,103	14,329,062
Securities issued	11,003,991	9,148,499	10,856,491
Other liabilities*	733,861	625,370	788,450
Accruals and deferred income	1,046,265	911,660	949,117
Total liabilities	28,388,753	25,634,632	27,923,120
Untaxed reserves	2,844,225	2,481,645	2,844,225
Equity	1,233,912	1,491,183	1,233,912
Operating profit	108,640	86,727	-
Total liabilities and equity, Note 12	32,575,530	29,694,187	32,001,257
* Of which derivative instruments with positive and negative market value			
Derivative instruments with positive market value	37,080	64,799	25,698
Derivative instruments with negative market value	-580	-873	-4,801

Change in equity

	Amounts in SEK thousand				
	Share capital	Statutory reserve fund	Development 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
Total change before transactions with shareholders	-	-	-	67,647	67,647
Dividend	-	-	-	-	-
Closing equity, 31 March 2015	400,000	20,000	-	1,138,830	1,558,830
	Share capital	Statutory reserve fund	Development fund	Retained earnings	Equity
Opening equity, 1 January 2015	400,000	20,000	-	1,071,183	1,491,183
Net income after taxes	-	-	-	-	-
Total change before transactions with shareholders	-	-	-	-	-
Dividend	-	-	-	-257,271	-257,271
Closing equity, 31 December 2015	400,000	20,000	-	813,912	1,233,912
	Share capital	Statutory reserve fund	Development fund	Retained earnings	Equity
Opening equity, 1 January 2016	400,000	20,000	-	813,912	1,233,912
Profit for the period after tax	-	-	-	84,739	84,739
Transfer self-generated development costs	-	-	212	-212	-
Total change before transactions with shareholders	-	-	212	84,527	84,739
Dividend	-	-	-	-	-
Closing equity, 31 March 2016	400,000	20,000	212	898,439	1,318,651

Cash flow statement

	Amounts in SEK thousand		
	2016 Jan-Mar	2015 Jan-Mar	2015 Jan-Dec
Operating activities			
Operating profit	108,640	86,727	363,029
Adjustment of items not included in cash flow			
Unrealised portion of net result of financial transactions	-5,895	-3,579	-5,895
Depreciation, amortisation and impairment	880,748	823,257	3,420,208
Credit losses	2,543	1,022	19,135
Tax paid	57,734	-232,406	-284,745
Changes in operating assets and liabilities			
Chargeable treasury bills etc.	238,814	-130,946	90,331
Lending to the public	-10,497	-13,811	-1,058,273
Bonds and other interest-bearing securities	-551,665	-124,787	1,797
Other assets	-37,143	209,683	245,231
Liabilities to credit institutions	-	-200,000	-550,000
Deposits and borrowing from the public	275,575	-174,448	555,511
Securities issued	147,500	869,740	2,577,731
Other liabilities	48,453	-183,640	19,214
Cash flows from operating activities	1,154,808	926,812	5,393,274
Investing activities			
Capitalised development expenditure	-212	-684	-4,412
Investments in shares and participations	-	-	-2,064
Acquisition of property, plant and equipment	-2,700,523	-2,017,580	-8,080,394
Sale of property, plant and equipment	892,980	847,863	3,165,066
Cash flows from investing activities	-1,807,755	-1,170,402	-4,921,804
Financing activities			
Dividend paid	-	-	-257,271
Cash flows from financing activities	-	-	-257,271
Cash flow for the period			
Cash and cash equivalents at the beginning of the period	1,998,980	1,784,781	1,784,781
Cash flows from operating activities	1,154,808	926,812	5,393,274
Cash flows from investing activities	-1,807,755	-1,170,402	-4,921,804
Cash flows from financing activities	-	-	-257,271
Cash and cash equivalents at the end of the period	1,346,034	1,541,191	1,998,980



Notes

Note 1 Accounting principles

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).

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. A preliminary study has been initiated concerning IFRS 9, which becomes mandatory from 1 January 2018.

Note 2 Segment reporting

Amounts in SEK thousand

Jan-Mar 2016	Cars	Trucks	Fleet	Card	Total
Operating income*, SEK thousand	74,533	9,425	42,868	69,859	196,684
Operating expenses**, SEK thousand	-19,273	-4,569	-15,466	-45,089	-84,397
Credit losses, SEK thousand	46	49	-148	-3,594	-3,646
Operating profit, SEK thousand	55,306	4,904	27,255	21,175	108,640
Net profit for the year, SEK thousands	55,306	4,904	27,255	21,175	108,640
Interest-bearing lending volume Ø, SEK million	18,227	2,300	5,464	1,015	27,006
Number of contracts Ø	184,651	5,805	62,506	-	252,962
Number of active accounts, Ø	-	1,856	-	455,128	456,984

Jan-Mar 2015	Cars	Trucks	Fleet	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	16,281	24,791	86,727
Net profit for the year, SEK thousands	41,535	4,120	16,281	24,791	86,727
Interest-bearing lending volume Ø, SEK million	16,005	2,092	5,145	1,075	24,317
Number of contracts Ø	168,196	5,860	59,841	-	233,897
Number of active accounts, Ø	-	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 and impairment of lease items.



Note 3 Information on loan and leasing contracts

Jan-Mar 2016	Loans	Leases	Total
Number of contracts	118,634	99,538	218,172
Average contract, SEK thousand	105	172	136
Collateral value, SEK million	12,500	17,149	29,649
Credit utilised, SEK million	11,900	14,821	26,721
Loan-to-value ratio	95	86	90
Market value, SEK million	17,403	15,607	33,010
Surplus value, SEK million	5,503	786	6,289
Surplus value, %	46	5	23

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

Note 4 Lease income and accumulated net interest

	Amounts in SEK thousand					
	2016 Q1	2015 Q4	2015 Q1	2016 Jan-Mar	2015 Jan-Mar	2015 Jan-Dec
Income from operating and finance leases	950,125	921,985	887,049	950,125	887,049	3,619,222
Depreciation and impairment	-886,723	-883,959	-822,483	-886,723	-822,483	-3,400,899
Interest income	97,702	92,310	110,511	97,702	110,511	402,487
Interest expenses	-45,790	-52,605	-80,487	-45,790	-80,487	-251,689
Accumulated net interest	115,314	77,731	94,590	115,314	94,590	369,121

Note 5 Credit losses, net

Credit losses, net	Amounts in SEK thousand		
	2016 Jan-Mar	2015 Jan-Mar	2015 Jan-Dec
Specific provision for collectively valued receivables *			
Write-off of confirmed credit losses for the year	-3,367	-3,073	-16,501
Impairment for the period	-4,837	-5,336	-5,882
Received from previous years' confirmed credit losses	247	223	1,201
Reversed provisions no longer required for probable credit losses	3,994	3,726	6,937
Net cost for specific provisions for collectively valued receivables for the period	-3,963	-4,460	-14,245
Collective provision for losses incurred but not yet reported **			
Impairment for the period	-770	-1,816	-2,878
Reversed provisions no longer required for probable credit losses	1,087	1,347	5,265
Net cost for the period for collective provisions	317	-469	2,387
Credit losses, net	-3,646	-4,929	-11,858

* Relates to credit losses on receivables individually identified as uncertain and 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.

Note 6 Capital base

	Amounts in SEK thousand		
	31/03/2016	31/03/2015	31/12/2015
Common Equity Tier 1 capital ratio			
Equity	1,186,412	1,233,912	1,186,412
Share of equity of untaxed reserves	2,218,495	1,935,683	2,218,495
Intangible non-current assets	-7,497	-5,619	-7,874
AVA	-1,767	-2,330	-1,946
IRB shortfall	-139,833	-137,915	-130,973
Common Equity Tier 1 capital ratio	3,255,811	3,023,732	3,264,114
Total capital base	3,255,811	3,023,732	3,264,114
Capital base according to Basel I	3,395,644	3,161,647	3,395,087

Note 7 Capital adequacy

	Amounts in SEK thousand		
	31/03/2016	31/03/2015	31/12/2015
Without transitional rules			
Risk-weighted assets	15,773,374	14,121,927	14,978,041
Tier 1 capital ratio, %	20.64	21.41	21.79
Total capital ratio, %	20.64	21.41	21.79
With transitional rules			
Risk-weighted assets	23,233,569	20,750,231	22,414,395
Tier 1 capital ratio, %	14.62	15.24	15.15
Total capital ratio, %	14.62	15.24	15.15

Note 8 Internally assessed capital requirement

	Amounts in SEK thousand		
	31/03/2016	31/03/2015	31/12/2015
Pillar I capital requirements	1,261,870	1,129,754	1,198,243
Pillar II capital requirement	347,652	289,337	336,541
Combined buffer requirements	552,068	353,048	524,231
Capital requirement	2,161,590	1,772,139	2,059,015
Capital base	3,255,811	3,023,732	3,264,114
Capital surplus	1,094,221	1,251,593	1,205,099

Note 9 Capital requirements and risk-weighted exposure amount

Amounts in SEK thousand

	31/03/2016		31/03/2015		31/12/2015	
	Capital requirement	Risk-weighted exposure amount	Capital requirement	Risk-weighted exposure amount	Capital requirement	Risk-weighted exposure amount
Credit risk according to IRB						
Corporate exposure	341,688	4,271,105	316,180	3,952,247	334,655	4,183,184
Household exposure	488,402	6,105,020	453,251	5,665,637	475,435	5,942,936
Non-credit-obligation asset exposures	213,617	2,670,212	184,943	2,311,785	199,096	2,488,700
Total according to IRB	1,043,707	13,046,336	954,373	11,929,669	1,009,186	12,614,820
Credit risk according to standardised method						
Exposures to public bodies	398	4,978	310	3,875	380	4,746
Institutional exposure	22,377	279,715	25,992	324,906	32,637	407,965
Corporate exposure	61,373	767,165	20,630	257,875	20,746	259,321
Household exposure	21,452	268,145	22,086	276,071	25,690	321,121
Unsettled items	177	2,218	463	5,782	193	2,409
Covered bonds	7,090	88,627	7,689	96,112	6,677	83,467
Share exposures	1,883	23,539	1,718	21,475	1,883	23,539
Other items	2,926	36,580	2,249	28,117	933	11,659
Total according to the standardised method	117,677	1,470,967	81,137	1,014,213	89,139	1,114,227
Operational risk	99,000	1,237,501	92,768	1,159,598	99,000	1,237,501
Credit valuation adjustment (CVA)	1,486	18,569	1,476	18,448	919	11,493
Total minimum capital requirement and risk-weighted exposure amount	1,261,870	15,773,374	1,129,754	14,121,927	1,198,243	14,978,041
Total capital requirement according to transitional rules	1,858,686	23,233,569	1,660,019	20,750,231	1,793,152	22,414,395

Note 10 Capital and buffer requirements

Amounts in SEK thousand

	31/03/2016			31/03/2015			31/12/2015		
	Core tier 1 capital	Tier 1 capital	Total capital base	Core tier 1 capital	Tier 1 capital	Total capital base	Core 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	0.0	0.0	0.0	1.0	1.0	1.0
Total	8.0	9.5	11.5	7.0	8.5	10.5	8.0	9.5	11.5
Amount									
Minimum capital requirement	709,802	946,402	1,261,870	635,487	847,316	1,129,754	674,012	898,682	1,198,243
Capital conservation buffer	394,334	394,334	394,334	353,048	353,048	353,048	374,451	374,451	374,451
Countercyclical buffer	157,734	157,734	157,734	-	-	-	149,780	149,780	149,780
Total capital requirement	1,261,870	1,498,471	1,813,938	988,535	1,200,364	1,482,802	1,198,243	1,422,914	1,722,475
Total Pillar I capital requirement			1,813,938			1,482,802			1,722,475

Note 11 Gross solvency

Amounts in SEK thousand

	31/03/2016	31/03/2015	31/12/2015
Core capital	3,255,811	3,023,732	3,264,114
Exposure measure	32,848,209	30,160,283	32,323,450
Gross solvency ratio, %	9.91	10.03	10.10

Note 12 Carrying amount by category of financial instrument and information about fair value

Methods for determining fair value.

The financial instruments measured at fair value by the bank in its balance sheet are the derivative instruments and the chargeable treasury bills, other chargeable securities, and the bonds & other interest bearing securities classified at fair value in accordance with IFRS 13 Measurement of fair value. Since the derivative instruments have no quoted price on an active market (Level 1), the bank uses a discounted cash flow analysis to determine the fair value of the instruments. Only observable market data is used for discounting (Level 2). Chargeable treasury bills, other chargeable securities and bonds and other interest-bearing securities are considered to have prices on an active market (Level 1). "Active market" indicates that listed prices for financial instruments are easily and regularly available on a stock exchange, with a dealer or broker, or via other companies that provide price information. The price must represent actual and regularly occurring transactions based on the buying rate on the balance sheet date, without any adjustment or supplement for transaction costs at the time of acquisition. There have been no transfers between levels during the year. Other categories of financial instruments belong to Level 3.

Disclosures about fair value of lending to the public have been calculated by discounting contractual cash flows using discount rates based on a current spread of loans. Disclosures about fair value of liabilities to credit institutions, securities issued and subordinated liabilities have been calculated using estimated, current spreads of borrowings.

The financial assets classified as investments held to maturity are valued on the balance sheet at their amortised cost. Investments held to maturity have been market valued in accordance with quoted prices on an active market; no chargeable treasury bills are included here.

For other financial assets and liabilities, the carrying amount is a good approximation of fair value due to a short remaining term.

Amounts in SEK thousand

	Level 1	Level 2	Level 3	Total fair value	Closing carrying amount
Assets Jan-Mar 2016					
Chargeable treasury bills etc.	841,701	-	-	841,701	841,701
Lending to credit institutions	-	1,346,034	-	1,346,034	1,346,034
Lending to the public	-	13,665,390	-	13,665,390	13,698,223
Bonds and other interest-bearing securities	887,157	500,008	-	1,387,165	1,387,165
Other assets	-	-	592,231	592,231	592,231
Prepayments and accrued income	-	-	58,482	58,482	58,482
Total	1,728,858	15,511,432	650,713	17,891,003	17,923,836
Assets, Jan-Mar 2015					
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	-	12,643,409	-	12,643,409	12,662,749
Bonds and other interest-bearing securities	962,085	-	-	962,085	962,085
Other assets	-	-	602,824	602,824	602,824
Prepayments and accrued income	-	-	53,308	53,308	53,308
Total	2,263,877	14,184,600	656,132	17,104,609	17,123,949
Liabilities, Jan-Mar 2016					
Liabilities to credit institutions	-	993,839	-	993,839	1,000,000
Deposits and borrowing from the public	-	14,604,623	-	14,604,623	14,604,636
Securities issued	10,977,644	-	-	10,977,644	11,003,991
Other liabilities	-	733,861	-	733,861	733,861
Accruals and deferred income	-	-	1,046,265	1,046,265	1,046,265
Total	10,977,644	16,332,323	1,046,265	28,356,232	28,388,753
Liabilities, Jan-Mar 2015					
Liabilities to credit institutions	-	1,348,834	-	1,348,834	1,350,000
Deposits and borrowing from the public	-	13,599,103	-	13,599,103	13,599,103
Securities issued	9,240,874	-	-	9,240,874	9,148,499
Other liabilities	-	625,369	-	625,369	625,370
Accruals and deferred income	-	-	911,660	911,660	911,660
Total	9,240,874	15,573,306	911,660	25,725,840	25,634,632

Fair value assets and liabilities by category

Assets

Amounts in SEK thousand

	Loan and trade receivables	Financial assets at fair value through the statement of comprehensive income	Investments held to maturity	Derivatives used in hedge accounting	Other assets	Total	Fair value
31/03/2016							
Chargeable treasury bills etc.	-	841,701	-	-	-	841,701	841,701
Lending to credit institutions	1,346,034	-	-	-	-	1,346,034	1,346,034
Lending to the public	13,698,223	-	-	-	-	13,698,223	13,665,390
Bonds and other interest-bearing securities	-	887,157	500,008	-	-	1,387,165	1,387,165
Shares and participations in associated and other companies	-	-	-	-	16,797	16,797	-
Shares and participations in Group companies	-	-	-	-	6,742	6,742	-
Intangible non-current assets	-	-	-	-	7,497	7,497	-
Property, plant and equipment, inventory	-	-	-	-	1,408	1,408	-
Property, plant and equipment, lease items	-	-	-	-	14,619,250	14,619,250	-
Other assets	387,323	1	-	37,079	167,828	592,231	592,231
Prepayments and accrued income	58,482	-	-	-	-	58,482	58,482
Total assets	15,490,062	1,728,859	500,008	37,079	14,819,522	32,575,530	

Liabilities

	Financial liabilities at fair value through the income statement	Non-financial liabilities	Derivatives used in hedge accounting	Other financial liabilities	Total	Fair value
31/03/2016						
Liabilities to credit institutions	-	-	-	1,000,000	1,000,000	993,839
Deposits and borrowing from the public	-	-	-	14,604,636	14,604,636	14,604,623
Securities issued	-	-	-	11,003,991	11,003,991	10,977,644
Other liabilities	580	234,663	-	498,618	733,861	733,861
Accruals and deferred income	-	995,886	-	50,379	1,046,265	1,046,265
Total liabilities	580	1,230,549	-	27,157,624	28,388,753	

Assets

Amounts in SEK thousand

	Loan and trade receivables	Financial assets at fair value through the statement of comprehensive income	Investments held to maturity	Derivatives used in hedge accounting	Other assets	Total	Fair value
31/03/2015							
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
Total assets	14,624,193	2,263,877	-	64,799	12,741,318	29,694,187	

Liabilities

	Financial liabilities at fair value through the income statement	Non-financial liabilities	Derivatives used in hedge accounting	Other financial liabilities	Total	Fair value
31/03/2015						
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
Total liabilities	873	1,099,814	-	24,533,945	25,634,632	

Note 13 Events after the end of the quarter

No significant events have occurred since the end of the quarter.



VOLVOFINANS

Volvofinans Bank AB (publ) • Corporate ID no. 556069-0967
Bohusgatan 15 • Box 198 • SE-401 23 Göteborg, Sweden
Tel.: +46 (0)31 83 88 00 • www.volvofinans.se