



Interim Report 1 January - 30 September
Volvofinans Bank AB

2016

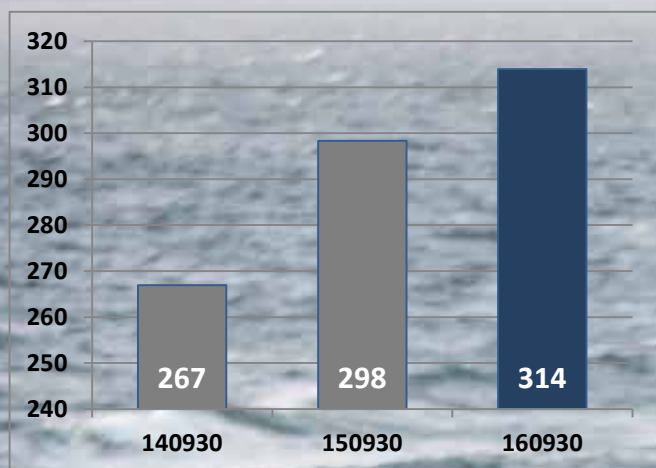


VOLVOFINANS

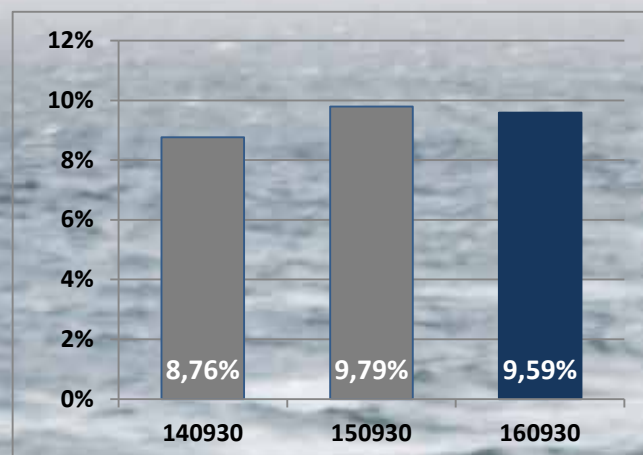
Summary

January - September 2016

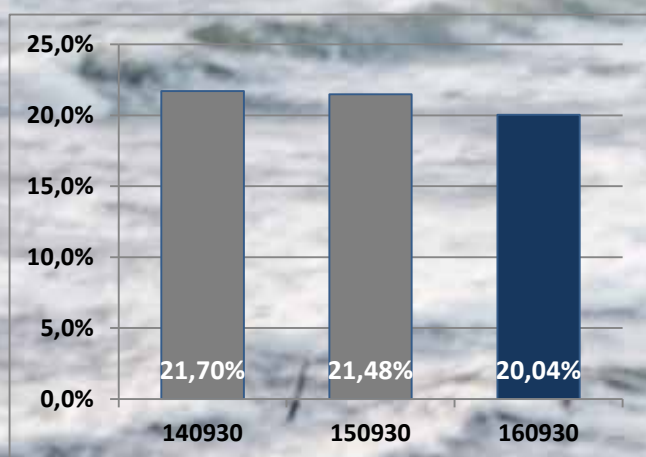
Operating profit, SEK million



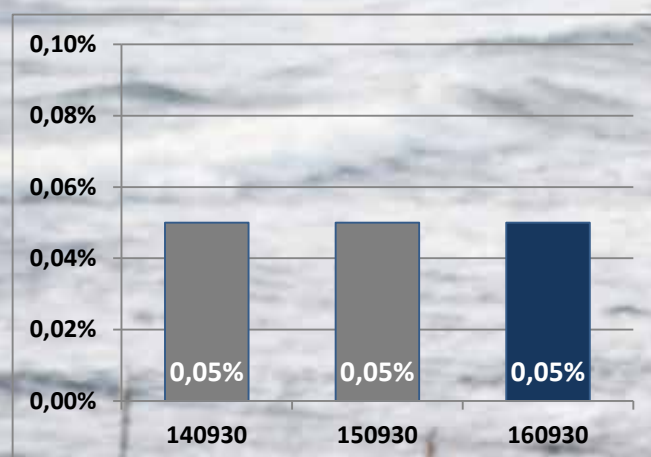
Return on equity



Common equity tier 1 capital ratio



Credit losses/lending



Message from the President

January–September 2016 highlights

Profit before tax: SEK 313.9 million (298.3)

Return on equity: 9.6% (9.8)

Lending as at 30 September: SEK 30.0 billion (25.9)

Credit losses, net: SEK 10.7 million (9.0)

Common equity tier 1 capital ratio: 20.0% (21.5)

Volvofinans Bank's positive earnings trend continued and profit before tax amounted at 30 September to SEK 314 million, which is 5% higher than the corresponding period last year.

The basis for the bank's strong performance is partly due to lower borrowing costs and partly due to a very strong market, primarily in the registration of new passenger cars (+9.1% compared with the previous year), but also light commercial vehicles (+7.8% compared with the previous year). In consumer sales of new cars, private leasing continues to grow compared to last year and parallel to this, the financing of used cars has also gathered pace.

The four most common car brands at the Swedish Volvo dealers; Volvo, Renault, Ford and Dacia have, with one exception, reported higher sales figures than last year. Volvo sold almost 5% more than in 2015, which is impressive considering the change of model from the V70 to the new V90. Renault and Dacia both saw sales increase by about 20%, while Ford lost a little ground in sales.

Truck Registrations (over 16 tonnes) including September, have increased by over 23%. Unit sales amounted to approx. 4,200 heavy trucks, where Volvo Trucks accounted for almost 1,700 - representing a market share of over 40%.

Earnings in the bank's primary business areas have surpassed the previous year in Sales Finance Cars, Fleet Finance and Sales Finance Trucks - with the only exception being the Volvo Card, where considerable investments have been made ensuring that the bank is at the forefront of both digital development as well as card security. One of the bank's major strengths therefore, is the fact that its earnings are not solely based on one particular segment, product category or vehicle manufacturer. Another strength can be seen in the form of bank's ownership, with very solid Volvo dealerships owning the bank - in equal measure - with Volvo Car Corporation. Moreover, the bank's close cooperation with Volvo Trucks and its partnership with Renault are also seen as key success factors.

In addition to the bank's successful business model, is an established financial resilience found in a high capital ratio of 20% and a leverage ratio of almost 10%. A liquidity reserve of over SEK 3 billion together with unutilized credit facilities of SEK 4 billion are also at hand.

Overall, Volvofinans Bank is well equipped for future challenges, continuously working in earnest on improvements in its operations as well as investments in its strategic digital development. Through our niche strategy as 'The Car Bank', we can focus on developing competitive and sustainable financing solutions, both in good times and in times of recession - where an increase in the total stock of cars will also generate turnover in the important service market.

Conny Bergström
President
Volvofinans Bank AB

The information herein is such that Volvofinans Bank AB (publ), org.nr 556069-0967, shall publically disclose in accordance with the laws pertaining to shares and securities (SFS 2007:528). This report was made public at 16:15 on 18th November 2016.



Financial Reports

Ownership/Operations

Since it was established in 1959, Volvofinans Bank has been 50% owned by the Swedish Volvo dealerships via their holding company, AB Volverkinvest. In August 2016, Volvo Car Corporation acquired the Sixth AP Fund's shares and now owns 50% (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.

Trends in volumes/lending Volumes/lending

Sales of new passenger cars in Sweden rose by 9% compared with the same period in the previous year. A total of 271,396 passenger vehicles were registered (248,653). The number of Volvo, Renault and Ford registrations amounted to 72,658 (68,136), and their combined market share was 27% (27).

47% (43) of all passenger car business, new and used, within the Swedish Volvo dealerships generates a financial contract with Volvofinans Bank. New and used vehicle penetration is 55% (49) 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 50% (48).

The total contract portfolio (loan and leasing contracts) amounted to 225,981 contracts (207,728). The truck and bus section of the contract portfolio amounted to 5,763 contracts (5,877), totalling 3% (3). Fleet Finance administers 35,725 (30,536) vehicle fleet contracts.

Goods and services purchased using the Volvo Card totalled SEK 8.6 billion (8.2) and the number of accounts actively being used for purchases is half a million per month. The Volvo Truck Card was used to buy products and services to the value of SEK 288 million via the 18,100 cards.

The lending volume was SEK 30.0 billion, compared with SEK 26.0 billion in the previous year. The truck and bus section accounted for SEK 2.2 billion (2.0) of lending, equivalent to 7% (8) of total lending. The Fleet Finance share of lending was SEK 5.8 billion (5.2), or 19%, and the Volvo Cards share amounted to 5%, or SEK 1.5 billion (1.5).

Volvofinans Bank's operating segments are the Volvo Card, which also includes our mobile app CarPay, 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 324.7 million (307.3), an increase of 6%. The increase in earnings is primarily accounted for by increased borrowing volumes. Profit for the period increased by 5% to SEK 313.9 million (298.3).

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 put in default for other reasons. Volvofinans Bank's problem credits in respect of credit card receivables totalled SEK 11.9 million (10.4) and for loan and lease lending SEK 108.2 million (106.9).

With regard to commitments relating to loan and leasing lending, in addition to collateral in the financed items, there are recourse agreements in place, meaning that the dealers bear the credit risk of SEK 98.3 million (97.6) on the balance sheet date. Credits with interest concessions or property received to provide security for receivables totals SEK 9.3 million (18.9). Confirmed customer losses refer to credit card transactions. Anticipated credit losses for the retail segment have been calculated using statistical risk models, while anticipated credit losses for the corporate segment have been calculated individually by means of a manual review.

Borrowing and liquidity

Deposits in the bank's online savings account increased by SEK 483 million during the third quarter, with the total savings account balance amounting to SEK 13.6 billion (12.3) at the end of the quarter. Total deposits, including the credit balance on the Volvo Card and deposits from Volvo dealerships, amounted to SEK 15.2 billion (14.0) and accounted for 55% (59) of the bank's financing.

Bonds worth SEK 2.7 billion were issued during the first six months of the year, while no issues took place in the third quarter. As at 30 September 2016, outstanding financing via the bank's debt programmes amounted to a nominal SEK 11.0 billion (8.9).

In addition to market borrowing and deposits, the bank also financed its activities through bank credits, which amounted to SEK 1.4 billion (1.0). Long-term financing accounted for 78% (73) of outstanding bonds and bank loans.

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.

The total liquidity reserve amounted to SEK 3.3 billion (3.3). The securities portfolio accounted for SEK 2.2 billion (68%) and independent deposits at other banks amounted to SEK 1.0 billion (32%). The size of Volvofinans Bank's liquidity reserve must always be at least 10% in relation to lending volume. As at 30 September 2016, total lending stood at SEK 30 billion, which means that the size of the liquidity reserve was equivalent to 11% (13). In addition to the liquidity reserve, unutilised, available loan facilities totalled SEK 4.2 billion (3.7).

Volvofinans Bank's liquid coverage ratio (LCR), calculated in accordance with Article 415 of the EU Capital Requirements Regulation (CRR), stood at 131% (277) at the end of September. The Net Stable Funding Ratio (NSFR), according to Volvofinans Bank's interpretation of the Basel Committee's new recommendation (BCBS295) was 144% (143).

Capital adequacy

Volvofinans Bank calculates most of the credit risk on the basis of its internal ratings based approach (IRB), while the remainder is calculated according to the standardised approach. The common equity tier 1 capital ratio was 20.04% (21.48). The leverage ratio was 9.55% (9.89).

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, but also agreed credit facilities that can be utilised at short notice.

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

23 February 2017	Year-end Report
Week 12 2017	Annual Report
23 May 2017	Interim Report, January–March
27 June 2017	Annual General Meeting
24 August 2017	Interim Report, January–June
13 November 2017	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, 18 November 2016

Conny Bergström
President

The reports will be available on our website, volvofinans.se.

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

Review

This report has not been subject to special review by the Bank's auditors.

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



KPI

	30/09/2016	30/09/2015	31/12/2015
Return on equity, %	9.59	9.79	8.93
Risk capital/Balance sheet total, %	12.81	13.52	12.60
Deposits/Lending, %	50.70	54.32	52.33
Operating Profit/Risk-weighted assets, %	2.57	2.83	2.43
Total capital ratio, %	20.04	21.48	21.79
CET 1 capital ratio, %	20.04	21.48	21.79
Credit losses/Lending, %	0.05	0.05	0.04
E/I ratio	0.47	0.45	0.50
E/I ratio, excl. credit losses	0.45	0.43	0.48

Income statement

Amounts in SEK thousand

	2016 Q3	2016 Q2	2015 Q3	2016 Jan-Sept	2015 Jan-Sept	2015 Jan-Dec
Interest income	99,532	98,640	98,298	295,873	310,177	402,487
Lease income	1,026,473	999,599	912,771	2,976,197	2,697,237	3,619,222
Interest expenses	-46,932	-43,700	-54,446	-136,422	-199,084	-251,689
Net interest, Note 4	1,079,074	1,054,539	956,623	3,135,648	2,808,330	3,770,020
Dividends received	366	1,380	353	2,335	1,461	2,062
Commission income	89,802	94,318	87,138	268,536	264,103	358,770
Commission expenses	-6,153	-5,912	-5,387	-17,392	-14,684	-22,302
Net result of financial transactions*	-1,099	627	956	1,057	-3,976	-5,895
Other operating income	361	604	502	1,339	730	1,375
Total operating income	1,162,351	1,145,556	1,040,185	3,391,523	3,055,964	4,104,030
General administration expenses	-69,611	-79,401	-61,190	-223,037	-204,634	-280,192
Depreciation, amortisation and impairment of property, plant and equipment and intangible non-current assets, Note 4	-967,373	-955,566	-857,794	-2,810,411	-2,518,895	-3,403,677
Other operating expenses	-10,173	-13,399	-7,177	-33,405	-25,087	-45,274
Total operating expenses	-1,047,157	-1,048,366	-926,161	-3,066,853	-2,748,616	-3,729,143
Profit before credit losses	115,194	97,190	114,024	324,670	307,348	374,887
Credit losses, net, Note 5	-3,225	-3,860	-2,378	-10,731	-9,037	-11,858
Profit before appropriations and tax	111,969	93,330	111,646	313,939	298,311	363,029
Appropriations	-	-	-	-	-	-362,580
Tax	-24,633	-20,532	-24,562	-69,067	-65,628	-449
Profit	87,336	72,798	87,084	244,872	232,683	-

*Net income of financial transactions consists of interest-bearing securities and related derivatives.

Interest-bearing securities and related derivatives	-1,099	627	956	1,057	-3,976	-5,895
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Balance sheet

Amounts in SEK thousand

	30/09/2016	30/09/2015	31/12/2015
Chargeable treasury bills etc.	910,071	1,201,427	1,080,515
Lending to credit institutions	1,044,501	1,220,354	1,998,980
Lending to the public	14,457,570	12,728,491	13,690,417
Bonds and other interest-bearing securities	1,336,424	836,060	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	8,808	7,637	7,874
Property, plant and equipment, inventory	1,621	1,411	1,535
Property, plant and equipment, lease items	15,564,846	13,126,469	13,691,740
Other assets*	526,051	505,519	638,979
Prepayments and accrued income	54,519	44,104	32,177
Total assets, Note 12	33,927,950	29,692,949	32,001,257
Liabilities to credit institutions	1,350,000	1,000,000	1,000,000
Deposits and borrowing from the public	15,222,330	14,043,642	14,329,062
Securities issued	11,006,709	8,937,570	10,856,491
Other liabilities*	866,195	733,079	788,450
Accruals and deferred income	1,138,139	964,790	949,117
Total liabilities	29,583,374	25,679,081	27,923,120
Untaxed reserves	2,844,225	2,481,645	2,844,225
Equity	1,186,412	1,233,912	1,233,912
Operating profit	313,939	298,311	-
Total liabilities and equity, Note 12	33,927,950	29,692,949	32,001,257
* Of which derivative instruments with positive and negative market value			
Derivative instruments with positive market value	29,586	27,750	25,698
Derivative instruments with negative market value	-481	-739	-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	-	-	-	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
	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	-	-	-	191,000	191,000
Transfer self-generated development costs	-	-	2,251	-2,251	-
Total change before transactions with shareholders	-	-	2,251	188,750	191,000
Dividends	-	-	-	-47,500	-47,500
Closing equity, 30 September 2016	400,000	20,000	2,251	955,162	1,377,412

Cash flow statement

Amounts in SEK thousand

	2016 Jan-Sept	2015 Jan-Sept	2015 Jan-Dec
Operating activities			
Operating profit	313,939	298,311	363,029
Adjustment of items not included in cash flow			
Unrealised portion of net result of financial transactions	-5,895	-3,976	-5,895
Depreciation, amortisation and impairment	2,815,322	2,518,430	3,420,208
Credit losses	10,249	15,573	19,135
Tax paid	52,031	-261,483	-284,745
Changes in operating assets and liabilities			
Chargeable treasury bills etc.	170,445	-30,581	90,331
Lending to the public	-777,557	-92,862	-1,058,273
Bonds and other interest-bearing securities	-500,924	1,238	1,797
Other assets	38,711	344,027	245,231
Liabilities to credit institutions	350,000	-550,000	-550,000
Deposits and borrowing from the public	893,268	270,091	555,511
Securities issued	150,219	658,811	2,577,731
Other liabilities	272,662	-22,404	19,214
Cash flows from operating activities	3,782,470	3,145,174	5,393,274
Investing activities			
Capitalised development expenditure	-2,909	-3,586	-4,412
Investments in shares and participations	-	-2	-2,064
Acquisition of property, plant and equipment	-7,489,096	-5,924,639	-8,080,394
Sale of property, plant and equipment	2,802,556	2,475,897	3,165,066
Cash flows from investing activities	-4,689,449	-3,452,330	-4,921,804
Financing activities			
Dividend paid	-47,500	-257,271	-257,271
Cash flows from financing activities	-47,500	-257,271	-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	3,782,470	3,145,174	5,393,274
Cash flows from investing activities	-4,689,449	-3,452,330	-4,921,804
Cash flows from financing activities	-47,500	-257,271	-257,271
Cash and cash equivalents at the end of the period	1,044,501	1,220,354	1,998,980



Notes

Note 1 Accounting policies

Volvofinans Bank applies legally limited IFRS, which means that the interim report has been prepared in accordance with IFRS with the additions and exceptions set out in the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, the stipulations and general recommendations of the Swedish Financial Supervisory Authority on annual reporting by credit institutions and securities companies (FFFS 2008:25) in accordance with the amendment provisions in FFFS 2009:11 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL).

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

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

Jan-Sept 2016	Amounts in SEK thousand				
	Cars	Trucks	Fleet	Card	Total
Operating income*, SEK thousand	234,039	28,108	107,232	213,538	582,917
Operating expenses**, SEK thousand	-61,922	-14,565	-51,028	-130,732	-258,247
Credit losses, SEK thousand	-21	-218	-155	-10,337	-10,731
Operating profit, SEK thousand	172,096	13,325	56,049	72,469	313,939
Interest-bearing lending volume Ø, SEK million	19,189	2,412	5,850	1,022	28,474
Number of contracts, Ø	169,118	5,888	60,886	-	235,892
Number of active accounts, Ø	-	1,881	-	454,122	456,003

Jan-Sept 2015	Amounts in SEK thousand				
	Cars	Trucks	Fleet	Card	Total
Operating income*, SEK thousand	191,465	24,228	100,804	220,897	537,395
Operating expenses**, SEK thousand	-60,029	-11,028	-42,353	-116,638	-230,047
Credit losses, SEK thousand	148	100	176	-9,460	-9,037
Operating profit, SEK thousand	131,584	13,300	58,627	94,799	298,311
Interest-bearing lending volume Ø, SEK million	16,305	2,106	5,513	1,075	24,998
Number of contracts, Ø	170,110	5,894	61,681	-	237,685
Number of active accounts, Ø	-	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 and impairment of lease items.



Note 3 Information on loan and leasing contracts

Jan-Sept 2016	Loans	Leases	Total
Number of contracts	120,908	105,073	225,981
Average contract, SEK thousand	108	165	135
Collateral value, SEK million	13,019	17,387	30,407
Credit utilised, SEK million	12,342	15,097	27,439
Loan-to-value ratio	95	87	90
Market value, SEK million	18,195	16,556	34,750
Surplus value, SEK million	5,853	1,458	7,311
Surplus value, %	47	10	27

Jan-Sept 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

Note 4 Lease income and accumulated net interest

	Amounts in SEK thousand					
	2016 Q3	2016 Q2	2015 Q3	2016 Jan-Sept	2015 Jan-Sept	2015 Jan-Dec
Income from operating and finance leases	1,026,473	999,599	912,771	2,976,197	2,697,237	3,619,222
Depreciation and impairment	-966,362	-954,777	-857,234	-2,807,863	-2,516,940	-3,400,899
Interest income	99,532	98,640	98,298	295,873	310,177	402,487
Interest expenses	-46,932	-43,700	-54,446	-136,422	-199,084	-251,689
Accumulated net interest	112,711	99,761	99,389	327,786	291,390	369,121

Note 5 Credit losses, net

Credit losses, net	Amounts in SEK thousand		
	2016 Jan-Sept	2015 Jan-Sept	2015 Jan-Dec
Specific provision for collectively valued receivables *			
Write-off of confirmed credit losses for the period	-11,237	-5,587	-16,501
Impairment for the period	-6,013	-12,960	-5,882
Received from previous years' confirmed credit losses	669	874	1,201
Reversed provisions no longer required for probable credit losses	6,161	6,810	6,937
Net cost for specific provisions for collectively valued receivables for the period	-10,420	-10,863	-14,245
Collective provision for losses incurred but not yet reported **			
Impairment for the period	-3,597	-2,806	-2,878
Reversed provisions no longer required for probable credit losses	3,286	4,632	5,265
Net cost for the period for collective provisions	-311	1,826	2,387
Credit losses, net	-10,731	-9,037	-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		
	30/09/2016	30/09/2015	31/12/2015
Common equity tier 1 capital			
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	-8,808	-7,637	-7,874
AVA	-1,826	-2,066	-1,946
IRB shortfall	-133,263	-145,170	-130,973
Common equity tier 1 capital	3,261,010	3,014,722	3,264,114
Total capital base	3,261,010	3,014,722	3,264,114
Capital base according to Basel I	3,394,273	3,159,893	3,395,087

Note 7 Capital adequacy

	Amounts in SEK thousand		
	30/09/2016	30/09/2015	31/12/2015
Without transitional rules			
Risk-weighted assets	16,269,981	14,037,792	14,978,041
Tier 1 capital ratio, %	20.04	21.48	21.79
Total capital ratio, %	20.04	21.48	21.79
With transitional rules			
Risk-weighted assets	24,649,336	21,227,538	22,414,395
Tier 1 capital ratio, %	13.77	14.89	15.15
Total capital ratio, %	13.77	14.89	15.15

Note 8 Internally assessed capital requirement

	Amounts in SEK thousand		
	30/09/2016	30/09/2015	31/12/2015
Pillar I capital requirements	1,301,598	1,123,023	1,198,243
Pillar II capital requirement	358,325	323,188	336,541
Combined buffer requirements	650,800	491,323	524,231
Capital requirement	2,310,723	1,937,534	2,059,015
Capital base	3,261,010	3,014,722	3,264,114
Capital surplus	950,287	1,077,188	1,205,099

Note 9 Capital requirements and risk-weighted exposure amount

	Amounts in SEK thousand					
	30/09/2016		30/09/2015		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	360,195	4,502,433	298,635	3,732,938	334,655	4,183,184
Household exposure	499,112	6,238,902	460,034	5,750,428	475,435	5,942,936
Non-credit-obligation asset exposures	210,049	2,625,615	192,851	2,410,638	199,096	2,488,700
Total according to IRB	1,069,356	13,366,951	951,520	11,894,004	1,009,186	12,614,820
Credit risk according to standardised method						
Exposures to public bodies	317	3,968	270	3,376	380	4,746
Institutional exposure	17,434	217,921	20,194	252,428	32,637	407,965
Corporate exposure	78,307	978,842	23,293	291,157	20,746	259,321
Household exposure	22,182	277,279	23,516	293,951	25,690	321,121
Unsettled items	1,887	23,593	282	3,528	193	2,409
Covered bonds	7,084	88,547	6,682	83,522	6,677	83,467
Share exposures	1,883	23,539	1,718	21,477	1,883	23,539
Other items	2,225	27,818	1,769	22,112	933	11,659
Total according to the standardised method	131,321	1,641,507	77,724	971,551	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)	1,922	24,022	1,011	12,639	919	11,493
Total minimum capital requirement and risk-weighted exposure amount	1,301,598	16,269,981	1,123,023	14,037,792	1,198,243	14,978,041
Total capital requirement according to transitional rules	1,971,947	24,649,336	1,698,203	21,227,538	1,793,152	22,414,395

Note 10 Capital and buffer requirements

	Amounts in SEK thousand								
	30/09/2016			30/09/2015			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	1.5	1.5	1.5	1.0	1.0	1.0	1.0	1.0	1.0
Total	8.5	10.0	12.0	8.0	9.5	11.5	8.0	9.5	11.5
Amount									
Minimum capital requirement	732,149	976,199	1,301,598	631,701	842,267	1,123,023	674,012	898,682	1,198,243
Capital conservation buffer	406,750	406,750	406,750	350,945	350,945	350,945	374,451	374,451	374,451
Countercyclical buffer	244,050	244,050	244,050	140,378	140,378	140,378	149,780	149,780	149,780
Total capital requirement	1,382,948	1,626,998	1,952,398	1,123,023	1,333,590	1,614,346	1,198,243	1,422,914	1,722,475
Total Pillar I capital requirement			1,952,398			1,614,346			1,722,475

Note 11 Leverage ratio

	Amounts in SEK thousand		
	30/09/2016	30/09/2015	31/12/2015
Core capital	3,261,010	3,014,722	3,264,114
Exposure measure	34,146,278	30,501,299	32,323,450
Leverage ratio, %	9.55	9.89	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 the balance sheet are derivative instruments and chargeable treasury bills, other chargeable securities, and bonds and other interest-bearing securities that are classified according to IFRS 13 Fair Value Measurement. 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	Total Carrying amount
Assets, Jan-Sept 2016					
Chargeable treasury bills etc.	910,071	-	-	910,071	910,071
Lending to credit institutions	-	1,044,501	-	1,044,501	1,044,501
Lending to the public	-	14,428,430	-	14,428,430	14,457,570
Bonds and other interest-bearing securities	886,358	450,066	-	1,336,424	1,336,424
Other assets	-	-	526,051	526,051	526,051
Prepayments and accrued income	-	-	54,519	54,519	54,519
Total	1,796,429	15,922,997	580,570	18,299,996	18,329,136
Liabilities, Jan-Sept 2016					
Liabilities to credit institutions	-	1,341,883	-	1,341,883	1,350,000
Deposits and borrowing from the public	-	15,222,319	-	15,222,319	15,222,330
Securities issued	11,032,811	-	-	11,032,811	11,006,709
Other liabilities	-	866,195	-	866,195	866,195
Accruals and deferred income	-	-	1,138,139	1,138,139	1,138,139
Total	11,032,811	17,430,397	1,138,139	29,601,347	29,583,373
Assets, Jan-Sept 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	-	12,709,149	-	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	2,037,487	13,929,503	549,623	16,516,613	16,535,955
Liabilities, Jan-Sept 2015					
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	-	733,079	-	733,079	733,079
Accruals and deferred income	-	-	964,790	964,790	964,790
Total	9,954,960	14,776,779	964,790	25,696,529	25,679,081

Fair value assets and liabilities by category

Assets

Amounts in SEK thousand

	Loan and trade receivables	Financial assets at fair value through the income statement	Investments held to maturity	Derivatives used in hedge accounting	Other assets	Total	Fair value
30/09/2016							
Chargeable treasury bills etc.	-	910,071	-	-	-	910,071	910,071
Lending to credit institutions	1,044,501	-	-	-	-	1,044,501	1,044,501
Lending to the public	14,457,570	-	-	-	-	14,457,570	14,428,430
Bonds and other interest-bearing securities	-	886,358	450,066	-	-	1,336,424	1,336,424
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	-	-	-	-	8,808	8,808	-
Property, plant and equipment, inventory	-	-	-	-	1,621	1,621	-
Property, plant and equipment, lease items	-	-	-	-	15564846	15564846	-
Other assets	422,231	-	-	29,586	74,234	526,051	526,051
Prepayments and accrued income	54,519	-	-	-	-	54,519	54,519
Total assets	15,978,821	1,796,429	450,066	29,586	15,673,048	33,927,950	

Liabilities

	Financial liabilities at fair value through the income statement	Non-financial liabilities	Derivatives used in hedge accounting	Other financial liabilities	Total	Fair value
30/09/2016						
Liabilities to credit institutions	-	-	-	1,350,000	1,350,000	1,341,883
Deposits and borrowing from the public	-	-	-	15,222,330	15,222,330	15,222,319
Securities issued	-	-	-	11,006,709	11,006,709	11,032,811
Other liabilities	481	255,767	-	609,947	866,195	866,195
Accruals and deferred income	-	1,060,339	-	77,800	1,138,139	1,138,139
Total liabilities	481	1,316,106	-	28,266,786	29,583,374	

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	-	-	-	-	6,740	6,740	-
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	13,252,341	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	733,079
Accruals and deferred income	-	195,992	-	768,798	964,790	964,790
Total liabilities	739	442,080	-	25,236,262	25,679,081	



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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