



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

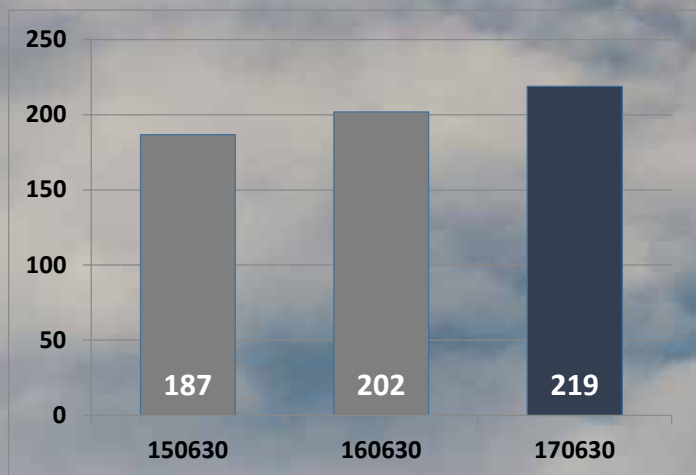
2017



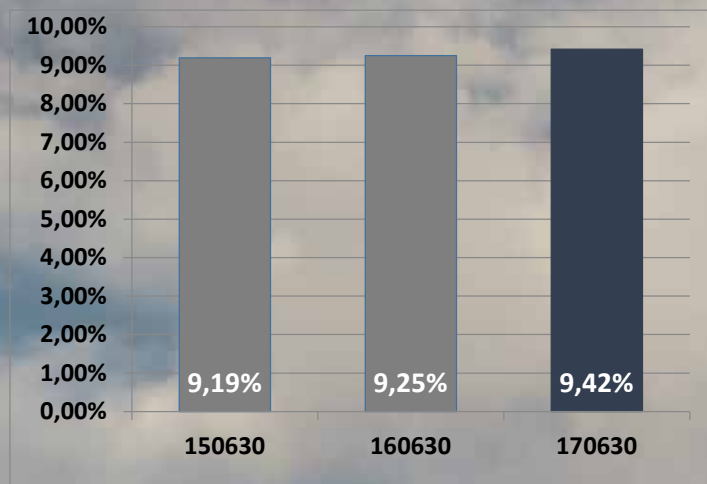
VOLVOFINANS

Summary January-June 2017

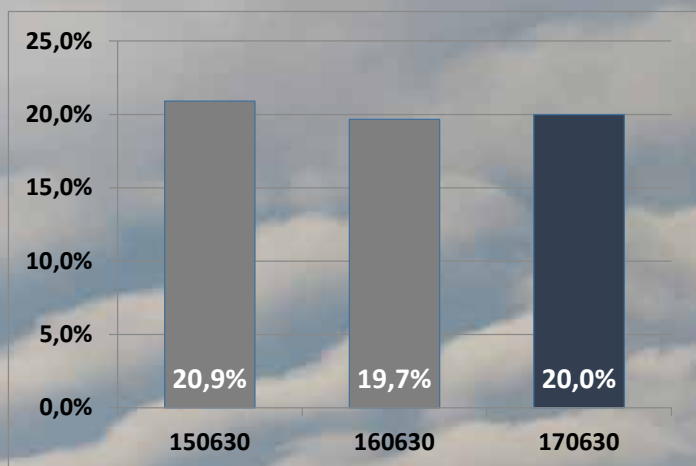
Operating profit, SEK million



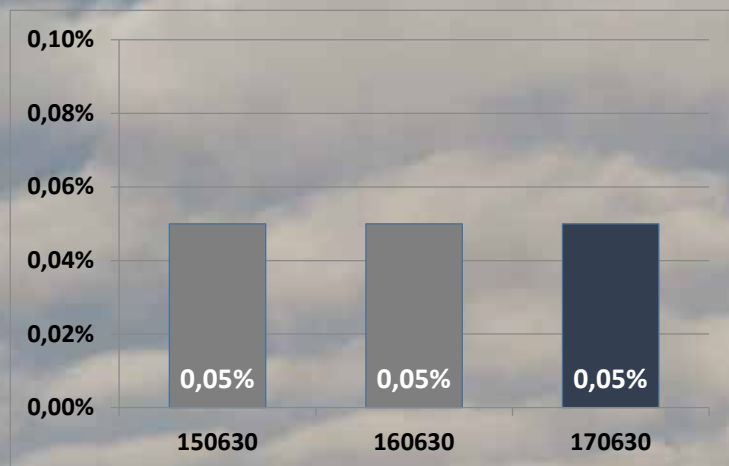
Return on equity



Common equity tier 1 capital ratio



Credit losses/lending



Message from the President

January-June 2017 highlights

Profit before taxes: SEK 219.0 million (202.0)

Return on equity: 9.4% (9.3)

Lending as at 30 June: SEK 33.5 billion (30.0)

Net credit losses: SEK 8.4 million (7.5)

Common equity tier 1 capital ratio: 20.0% (19.7)

Volvofinans Bank delivered a profit for the first half of 2017 of SEK 219 million. This is the bank's best half-year earnings ever and is SEK 17 million or 8% higher than the previous year.

After two consecutive years of record registrations on the Swedish market, a slight decline was forecast for 2017. At present, that forecast can be seen as cautious. By the end of the first half-year, an increase for the period of 3.2% or 6,000 cars can be seen instead.

For Volvo Cars, sales increased more than the total market. This resulted in an increased market share of 20.4%, driven primarily by sales of the XC60 "Classic" as well as the new S/V90 making up for the discontinued S/V70 models. For Renault / Dacia, registrations increased by 2.7%. However, hidden behind this modest increase for both brands collectively, lies a considerable sales increase for Renault and a decline for Dacia.

The total market for trucks (> 16 tonnes) where Volvo Trucks is one of two dominant players, has increased by 7.4% in the half-year to 3,078 vehicles. The sales forecast for the full year has been revised upwards and is now 6,000 vehicles. After a somewhat tentative start, Volvo Trucks has now gained a lot of sales momentum and just as last year, is aiming to take the top-spot in so far as registrations are concerned.

When it comes to results in our other business areas, it is primarily the financing of passenger cars, Sales Finance Cars, that continue to deliver the largest business volumes.

Even Sales Finance Trucks is clearly better than the previous year. The rapid development in IT requires, among other things, a very high focus on security, which also drives increased development costs in all business areas. Within Volvofinans Bank, we are very focused on our digital transformation to improve our offerings and simplify car ownership for our customers. Our aim is to retain existing as well as attract new customers through a concept of "smart car finance". For private customers, it is primarily through CarPay that we in practice realized the abovementioned commitment, but work on digitalizing the customer experience continues to proceed within all business areas.

On the funding side, the bank has issued its first green bond in a growing capital market focusing on sustainability. This is exciting and also feels completely right in view of Volvo Cars' future electricity hybrids, which largely form the basis of the abovementioned bond.

Overall, "The Car Bank" is performing very well, and we are very inspired by the challenges that await us in the autumn. As mentioned earlier, we are humble in the light of the rapid development in our world today, but at the same time see new opportunities to further strengthen and develop our own business in a niche area - which we call 'car-related consumption'. All in all, this gives us considerable confidence in capturing valuable market share whilst doing good business within our business areas.

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 24th August 2017.



Financial Statements

Ownership/Operations

Since the establishment 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 in the Swedish market by providing product and sales financing, with good profitability.

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

Sales of new cars in Sweden broke new records in the first half of the year. From January to June, registrations increased by 3.2% , amounting to 193,530 vehicles (187,591) in total. The number of Volvo, Renault and Ford registrations amounted to 53,777 (50,974), and their combined market share was 28% (27).

50% (48) of all financing, new and used, at Swedish Volvo dealerships generates a financial contract with Volvofinans Bank. New and used vehicle penetration is 55% (56) and 38% (38) 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 56% (49).

The total contract portfolio (loan and leasing contracts) amounted to 239,719 contracts (224,040). The truck and bus section of the contract portfolio amounts to 6,089 contracts (5,887). The Fleet Finance administers 39,953 (34,877) vehicle fleet contracts.

Goods and services purchased using the Volvo Card amounted to SEK 6.3 billion (5.6) and the number of accounts actively being used for purchases is around half a million per month. The Volvo Truck Card was used to buy products and services worth SEK 196 million via the approximately 18,000 cards.

The lending volume was SEK 33.5 billion compared to SEK 30 billion in the previous year. The truck and bus section accounted for SEK 2.8 billion (2.2) of lending, equivalent to 8% (7) of total lending. The Fleet Finance share of lending was SEK 5.7 billion (5.8), or 17%, and the Volvo Card share amounted to 5%, or SEK 1.7 billion (1.6).

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 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 of vehicle fleets through leases and administration. The operating income, operating profit, number of contracts and lending volume for Volvofinans Bank's lines of business are presented in note 3.

Trends in earnings performance and financial position Profit

Volvofinans Bank's profit before credit loss expenses is SEK 227.3 million (209.5), an increase of 8%. The increase in earnings is primarily explained by increased borrowing volumes. Profit for the period increased by 8% to SEK 219.0 million (202.0).

Credit risk, credit losses and residual value risk

The credit risk for Volvofinans Bank is very low since, 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 defaulted for other reasons. Volvofinans Bank's problem credits for credit card receivables total SEK 11.8 million (12.1) and for loan and lease lending SEK 112.5 million (104.9).

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 102.3 million (94.6) on the balance sheet date. Credits with interest concessions or property received to provide security for receivables amounts to SEK 8.0 million (11.6). 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.

Borrowing and liquidity

The outflow from the bank's savings account during the first quarter became an inflow in the second quarter and increased by SEK 255 million during the quarter; the total balance in the saving account thus amounted to SEK 14.0 billion (13.2) at the end of the second quarter. Total deposits including the credit balance for and deposits from Volvo dealerships amounted to SEK 15.4 billion (14.9) and accounted for 48% (53) of the bank's financing.

Bonds worth SEK 3.2 billion were issued during the first six months of the year, of which SEK 700 million consisted of the bank's first green bond, which was issued in May. As at 30 June 2017, outstanding financing via the bank's debt programmes amounted to a nominal SEK 14.8 billion (11.8).

In addition to market borrowing and deposits, the bank also financed its activities through bank credits, which amounted to SEK 1.7 billion (1.4). Long-term financing accounted for 74% (78) 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 4.2 billion (3.4). The securities portfolio accounted for SEK 3.0 billion (70%) and freely available deposits at other banks amounted to SEK 1.3 billion (30%). The size of Volvofinans Bank's liquidity reserve must always be at least 10% in relation to lending volume; as at 30 June 2017 this figure was 13% (11). In addition to the liquidity reserve, unutilised and available loan facilities amounted to SEK 3.5 billion (4.2).

Volvofinans Bank's liquid coverage ratio (LCR), calculated in accordance with Article 415 of the EU Capital Requirements Regulation (CRR), amounted to 289% (188) at the end of June. The Net Stable Funding Ratio (NSFR), according to Volvofinans Bank's interpretation of the Basel Committee's new recommendation (BCBS295), was 144% (145).

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 19.98% (19.66). The leverage ratio was 9.05% (9.49).



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/Reports and news releases".

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, 24th August 2017

Urmars Kruusval
Chairman of the Board of Directors

Synnöve Trygg
Vice Chairman

Tommy Andersson
Board Member

Anders Gustafsson
Board Member

Per Avander
Board Member

Patrik Tolf
Board Member

Ann Hellenius
Board Member

Conny Bergström
President and CEO

Calendar

13th 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.

The reports will be available on our website: volvofinans.se, under the heading "About Volvofinans Bank/Reports and news releases".

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

	30/06/2017	30/06/2016	31/12/2016
Return on equity, %	9.42	9.25	8.68
Risk capital/Balance sheet total, %	11.80	12.39	12.22
Deposits/Lending, %	45.96	49.57	49.43
Operating profit/Risk-weighted assets, %	2.51	2.43	2.30
Total capital ratio, %	19.98	19.66	21.26
CET 1 capital ratio, %	19.98	19.66	21.26
Credit losses/Lending, %	0.05	0.05	0.04
E/I ratio	0.48	0.49	0.51
E/I ratio, excl. credit losses	0.46	0.47	0.49

Definitions for alternative key ratios and key ratios defined in accordance with the Swedish rules on capital adequacy can be found under:
<https://www.volvofinans.se/en/about-us/definition-of-key-performance-indicators/>

Income statement

	Amounts in SEK thousand					
	2017 Q2	2017 Q1	2016 Q2	2017 Jan-June	2016 Jan-June	2016 Jan-Dec
Interest income	109,700	103,538	98,640	213,239	196,341	394,899
Lease income	1,136,041	1,090,173	999,599	2,226,214	1,949,724	4,018,985
Interest expenses	-48,916	-42,457	-43,700	-91,373	-89,490	-182,166
Net interest, Note 5	1,196,825	1,151,254	1,054,539	2,348,080	2,056,575	4,231,718
Commission income	98,663	92,238	94,318	190,901	178,733	353,193
Commission expenses	-8,783	-6,617	-5,912	-15,400	-11,239	-24,645
Net result of financial transactions*	564	-4,889	627	-4,325	2,157	-1,325
Other operating income	2,085	811	1,984	2,895	2,946	3,958
Total operating income	1,289,354	1,232,797	1,145,556	2,522,151	2,229,172	4,562,899
General administration expenses	-84,527	-80,349	-79,401	-164,876	-153,426	-311,738
Depreciation, amortisation and impairment of property, plant and equipment and intangible non-current assets, Note 5	-1,083,402	-1,028,151	-955,566	-2,111,553	-1,843,038	-3,816,622
Other operating expenses	-10,081	-8,303	-13,399	-18,384	-23,232	-42,121
Total operating expenses	-1,178,010	-1,116,803	-1,048,366	-2,294,813	-2,019,696	-4,170,481
Profit before credit losses	111,344	115,994	97,190	227,338	209,476	392,418
Credit losses, net, Note 6	-4,363	-4,007	-3,860	-8,370	-7,506	-13,450
Profit before appropriations and tax	106,981	111,987	93,330	218,968	201,970	378,968
Appropriations	-	-	-	-	-	-378,497
Tax	-23,536	-24,637	-20,532	-48,173	-44,433	-471
Profit	83,445	87,350	72,798	170,795	157,536	-

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

Interest-bearing securities and related derivatives	564	-4,889	627	-4,325	2,157	-1,325
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Balance sheet

Amounts in SEK thousand

	30/06/2017	30/06/2016	31/12/2016
Chargeable treasury bills etc.	1,131,760	839,173	1,040,542
Lending to credit institutions	1,266,786	1,640,842	786,666
Lending to the public	15,908,380	14,515,234	15,205,317
Bonds and other interest-bearing securities	1,822,530	934,536	1,723,526
Shares and participations in associated and other companies	19,009	16,797	19,009
Shares and participations in Group companies	6,742	6,742	6,742
Intangible non-current assets	17,728	8,423	11,123
Property, plant and equipment, inventory	2,064	1,629	1,632
Property, plant and equipment, leasing objects	17,575,583	15,498,204	15,976,197
Other assets*	757,290	653,158	670,588
Prepayments and accrued income	75,576	57,449	32,811
Total assets, Note 13	38,583,448	34,172,187	35,474,153
Liabilities to credit institutions	1,650,000	1,350,000	1,350,000
Deposits and borrowing from the public	15,390,787	14,877,160	15,412,413
Securities issued	14,773,426	11,808,993	12,395,088
Other liabilities*	932,141	831,060	787,421
Accruals and deferred income	1,257,165	1,116,801	1,120,097
Total liabilities, Note 13	34,003,519	29,984,014	31,065,019
Untaxed reserves	3,222,722	2,844,225	3,222,722
Equity	1,357,207	1,343,948	1,186,412
Total liabilities and equity	38,583,448	34,172,187	35,474,153
*Of which derivative instruments with positive and negative market value			
Derivative instruments with positive market value	16,931	26,225	18,440
Derivative instruments with negative market value	-1,022	-579	-1,777

Change in equity

Amounts in SEK thousand

	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	-	-	-	157,536	157,536
Transfer self-generated development costs	-	-	1,727	-1,727	-
Total before transactions with shareholders	400,000	20,000	1,727	969,721	1,391,448
Dividends	-	-	-	-47,500	-47,500
Closing equity, 30 June 2016	400,000	20,000	1,727	922,221	1,343,948
	Share capital	Statutory reserve fund	Development fund	Retained earnings	Equity
Opening equity, 1 January 2016	400,000	20,000	-	813,912	1,233,912
Net income after taxes	-	-	-	-	-
Transfer self-generated development costs	-	-	5,973	-5,973	-
Total before transactions with shareholders	400,000	20,000	5,973	807,939	1,233,912
Dividends	-	-	-	-47,500	-47,500
Closing equity, 31 December 2016	400,000	20,000	5,973	760,439	1,186,412
	Share capital	Statutory reserve fund	Development fund	Retained earnings	Equity
Opening equity, 1 January 2017	400,000	20,000	5,973	760,439	1,186,412
Profit for the period after tax	-	-	-	170,795	170,795
Transfer self-generated development costs	-	-	14,113	-14,113	-
Total before transactions with shareholders	400,000	20,000	20,086	917,121	1,357,207
Dividends	-	-	-	-	-
Closing equity, 30 June 2017	400,000	20,000	20,086	917,121	1,357,207

Cash flow statement

Amounts in SEK thousand

	2017 Jan-June	2016 Jan-June	2016 Jan-Dec
Operating activities			
Operating profit	218,968	201,970	378,968
Adjustment of items not included in cash flow			
Unrealised portion of net result of financial transactions	-853	3,003	1,062
Depreciation, amortisation and impairment	2,111,630	1,843,038	3,816,622
Credit losses	6,854	6,182	15,975
Paid/refunded (-/+) tax	61,958	100,772	47,722
Changes to the operating activities' assets and liabilities			
Chargeable treasury bills etc.	-91,218	241,343	39,973
Lending to the public	-710,295	-831,257	-1,530,012
Bonds and other interest-bearing securities	-99,004	-99,036	-888,026
Other assets	-239,218	-184,397	-81,298
Liabilities to credit institutions	300,000	350,000	350,000
Deposits and borrowing from the public	-21,626	548,098	1,083,351
Securities issued	2,378,338	952,502	1,538,598
Other liabilities	282,641	207,290	168,888
Cash flows from operating activities	4,198,173	3,339,507	4,941,822
Investing activities			
Capitalised development expenditure	-8,814	-1,727	-6,248
Investments in shares and participations	-	-	-2,212
Acquisition of property, plant and equipment	-5,360,922	-5,759,244	-9,576,364
Sale of property, plant and equipment	1,651,683	2,110,826	3,478,188
Cash flows from investing activities	-3,718,053	-3,650,145	-6,106,635
Financing activities			
Dividend paid	-	-47,500	-47,500
Cash flows from financing activities	-	-47,500	-47,500
Cash flow for the period			
Cash and cash equivalents at the beginning of the period	786,666	1,998,980	1,998,980
Cash flows from operating activities	4,198,173	3,339,507	4,941,822
Cash flows from investing activities	-3,718,053	-3,650,145	-6,106,636
Cash flows from financing activities	-	-47,500	-47,500
Cash and cash equivalents at the end of the period	1,266,786	1,640,842	786,666



Notes

Note 1 Accounting policies

Volvofinans Bank applies legally limited IFRS, which means that the interim report is prepared in accordance with IFRS with the additions and exceptions laid down in the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, the stipulations and general recommendations of the Swedish Financial Supervisory Authority on annual reporting by credit institutions and securities companies (FFFS 2008:25) in accordance with the amendment provisions in FFFS 2009:11 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRK L). The same accounting policies and calculation bases have been applied as in the most recent annual report.

Profit from shares in associated companies is reported on an ongoing basis during the year under other operating income.

Future regulatory changes

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement. Through IFRS 9, the IASB has made a number of amendments relating to the recognition of financial instruments. The amendments include new bases for the classification and measurement of financial instruments, a forward-looking impairment model and simplified criteria for hedge accounting. IFRS 9 becomes effective on 1 January 2018. Earlier application is permitted provided that the EU adopts the standard. The bank has chosen not to put IFRS 9 into force early. If the bank changes its measurement approach on the basis of the new models in the Classification and measurement section, this could have a significant effect on loss provisions for credit risk, balance sheet and income statement. The bank has taken a position on a specific model, which is to be reviewed and discussed with an external party. In the section on Impairment, the bank has sketched out a basic model within its IFRS 9 project for management of expected loss provisions for credit risk on the basis of the new regulation. The bank has started to evaluate different hedge accounting options according to IFRS 9, but has not yet taken a definitive decision on how to proceed within the framework of IFRS 9.

A parallel run for evaluation was started on 31 March 2017, continued development of the models will take place and the bank will continue its parallel run in the latter part of the year after the model has been revised. The bank does not yet have any clear indications of the effects of IFRS 9 on the income statement and balance sheet.

IFRS 15 Revenue recognition will come into force on 1 January 2018. The introduction is not expected to have any significant impact on the bank's financial position, profit or cash flow.

IFRS 16 Leases is a new standard for financial reporting of leases and becomes effective on 1 January 2019. The introduction is not expected to have any significant impact on the bank's financial position, profit or cash flow.

Further liquidity reporting, Additional Monitoring Metrics (AMM), will be introduced in 2018.

Note 2 Assessments and estimates in the financial statements

Preparation of the financial statements in compliance with IFRS requires the Bank's management to make critical judgements, accounting estimates and assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses. Estimates and assumptions are based on historical experience and a number of factors that appear reasonable in the prevailing circumstances. The results of these estimates and assumptions are then used to assess the reported values for assets and liabilities that do not otherwise appear clearly from other sources. Actual outcomes may deviate from these estimates and assessments. The Bank has also primarily made the following critical judgements when applying significant accounting policies.

- Whether or not the hedge relationship is effective
- Whether the bank assumes significant risks and benefits from the seller on acquisition of receivables and agreements
- Impairment testing of lease items in the event of a risk of falling residual value
- Investments held to maturity

Areas in which uncertainty about estimates may exist are assumptions about credit loss impairment and the assessment of residual value regarding leasing objects.

Estimates and assumptions are reviewed regularly. Changes in estimates are reported in the period during which the estimates were made if the change affects only that particular period, or in that period in which the amendment is made and future periods if the change affects the particular period and future periods.

Note 3 Operating segments

Volvofinans Bank's operating segments are Sales Finance Cars, Sales Finance Trucks, Fleet Finance and the Volvo Card. See definition under the heading Financial reports, Trends in volumes/lending.

Jan-June 2017	Cars	Trucks	Fleet	Card	Total
Operating income*, SEK thousand	181,660	21,487	65,622	144,412	413,181
Operating expenses**, SEK thousand	-44,921	-9,981	-36,217	-94,723	-185,842
Credit losses, SEK thousand	-44	-378	-338	-7,611	-8,371
Operating profit, SEK thousand	136,694	11,128	29,067	42,079	218,968
Tax, SEK thousand	-30,073	-2,448	-6,395	-9,257	-48,173
Profit for the period, SEK thousand	106,622	8,680	22,672	32,821	170,795
Lending volume Ø, SEK million	22,129	2,796	5,483	1,623	32,030
Number of contracts, Ø	201,588	6,020	66,543	-	274,151
Number of active accounts, Ø	-	1,744	-	428,184	429,928

Jan-June 2016	Cars	Trucks	Fleet	Card	Total
Operating income*, SEK thousand	155,621	19,407	68,540	143,389	386,957
Operating expenses**, SEK thousand	-40,877	-10,008	-36,102	-90,494	-177,481
Credit losses, SEK thousand	32	-380	-259	-6,898	-7,506
Operating profit, SEK thousand	114,776	9,019	32,178	45,996	201,970
Tax, SEK thousand	-25,251	-1,984	-7,079	-10,119	-44,433
Profit for the period, SEK thousand	89,525	7,035	25,099	35,877	157,536
Lending volume Ø, SEK million	18,649	2,373	5,823	1,540	28,385
Number of contracts, Ø	185,294	5,824	66,810	-	257,928
Number of active accounts, Ø	-	1,847	-	427,707	429,554

* Operating income including depreciation and impairment of leasing objects.

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



Note 4 Information on loan and leasing contracts

Jan-June 2017	Loans	Leases	Total
Number of contracts	125,293	114,426	239,719
Average contract, SEK thousand	113	171	140
Collateral value, SEK million	14,105	19,531	33,636
Credit utilised, SEK million	13,611	17,093	30,704
Loan-to-value ratio	96	88	91
Market value, SEK million	19,614	18,029	37,643
Surplus value, SEK million	6,003	936	6,939
Surplus value, %	44	5	22

Jan-June 2016	Loans	Leases	Total
Number of contracts	120,157	103,883	224,040
Average contract, SEK thousand	107	167	135
Collateral value, SEK million	12,864	17,315	30,179
Credit utilised, SEK million	12,207	15,096	27,303
Loan-to-value ratio	95	87	90
Market value, SEK million	18,033	16,531	34,565
Surplus value, SEK million	5,826	1,435	7,261
Surplus value, %	47	9	26

Note 5 Lease income and accumulated net interest

Amounts in SEK thousand

	2017 Q2	2017 Q1	2016 Q2	2017 Jan-June	2016 Jan-June	2016 Jan-Dec
Income from operating and finance leases	1,136,041	1,090,173	999,599	2,226,214	1,949,724	4,018,985
Depreciation and impairment	-1,082,045	-1,026,926	-954,777	-2,108,971	-1,841,500	-3,812,809
Interest income	109,700	103,538	98,640	213,239	196,341	394,899
Interest expenses	-48,916	-42,457	-43,700	-91,373	-89,490	-182,166
Accumulated net interest	114,780	124,328	99,761	239,109	215,075	418,909

Note 6 Credit losses, net

Amounts in SEK thousand

Credit losses, net	2017 Jan-June	2016 Jan-June	2016 Jan-Dec
Specific provision for collectively valued receivables *			
Write-off of confirmed credit losses for the period	-8,257	-7,326	-16,049
Impairment for the period	-6,082	-6,165	-6,202
Received from previous years' confirmed credit losses	562	432	1,253
Reversed provisions no longer required for probable credit losses	5,600	5,583	6,775
Net cost for specific provisions for collectively valued receivables for the period	-8,177	-7,476	-14,223
Collective provision for losses incurred but not yet reported **			
Impairment for the period	-2,402	-2,407	-3,411
Reversed provisions no longer required for probable credit losses	2,209	2,377	4,184
Net cost for the period for collective provisions	-193	-30	773
Credit losses, net	-8,370	-7,506	-13,450

* 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.

Note 7 Own funds

	Amounts in SEK thousand		
	30/06/2017	30/06/2016	31/12/2016
Common equity tier 1 capital			
Equity	1,112,513	1,186,412	1,112,513
Share of equity of untaxed reserves	2,513,723	2,218,495	2,513,723
Intangible non-current assets	-17,728	-8,423	-11,123
AVA	-2,297	-1,550	-2,184
IRB shortfall	-120,099	-132,246	-115,720
Common equity tier 1 capital	3,486,113	3,262,688	3,497,209
Total own funds	3,486,113	3,262,688	3,497,209
Own funds according to Basel I	3,606,211	3,394,934	3,612,929

Note 8 Capital adequacy

	Amounts in SEK thousand		
	30/06/2017	30/06/2016	31/12/2016
Without transitional rules			
Risk-weighted assets	17,451,927	16,596,167	16,449,878
CET 1 capital ratio, %	19.98	19.66	21.26
Total capital ratio, %	19.98	19.66	21.26
With transitional rules			
Risk-weighted assets	27,485,261	24,618,283	25,514,599
CET 1 capital ratio, %	13.12	13.79	14.16
Total capital ratio, %	13.12	13.79	14.16

Note 9 Internally assessed capital requirement

	Amounts in SEK thousand		
	30/06/2017	30/06/2016	31/12/2016
Pillar I capital requirements	1,396,154	1,327,693	1,315,990
Pillar II capital requirement	375,689	365,356	360,998
Combined buffer requirements	785,337	663,847	657,995
Capital requirement	2,557,180	2,356,896	2,334,983
Total own funds	3,486,113	3,262,688	3,497,209
Surplus of capital	928,932	905,792	1,162,225

Note 10 Capital requirements and risk-weighted exposure amount

	Amounts in SEK thousand					
	30/06/2017		30/06/2016		31/12/2016	
	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	429,543	5,369,288	361,747	4,521,834	407,237	5,090,466
Retail exposures	535,227	6,690,336	501,387	6,267,338	513,033	6,412,918
Non-credit-obligation asset exposures	216,377	2,704,717	231,130	2,889,124	184,848	2,310,597
Total according to IRB	1,181,147	14,764,341	1,094,264	13,678,296	1,105,118	13,813,981
Credit risk according to standardised method						
Exposures to public bodies	342	4,270	347	4,334	356	4,447
Institutional exposures	20,823	260,293	26,951	336,882	13,150	164,381
Corporate exposure	46,386	579,828	71,516	893,953	53,214	665,180
Retail exposures	23,651	295,637	23,345	291,807	23,557	294,460
Unsettled items	2,201	27,509	432	5,405	1,739	21,737
Covered bonds	9,170	114,622	5,471	68,383	8,978	112,230
Share exposures	2,060	25,751	1,883	23,539	2,060	25,751
Other items	3,768	47,099	2,636	32,947	961	12,009
Total according to the standardised method	108,401	1,355,008	132,580	1,657,251	104,016	1,300,195
Operational risk	105,638	1,320,477	99,000	1,237,501	105,638	1,320,477
Credit valuation adjustment (CVA)	968	12,101	1,849	23,119	1,218	15,225
Total minimum capital requirement and risk-weighted exposure amount	1,396,154	17,451,927	1,327,693	16,596,167	1,315,990	16,449,878
Total capital requirement according to transitional rules	2,198,821	27,485,261	1,969,463	24,618,283	2,041,168	25,514,599

Note 11 Capital and buffer requirements

	30/06/2017			30/06/2016			31/12/2016		
	Core tier 1 capital ratio	Tier 1 capital	Total capital base	Core tier 1 capital ratio	Tier 1 capital	Total capital base	Core tier 1 capital ratio	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	2.0	2.0	2.0	1.5	1.5	1.5	1.5	1.5	1.5
Total	9.0	10.5	12.5	8.5	10.0	12.0	8.5	10.0	12.0
Amounts in SEK thousand									
Minimum capital requirement	785,337	1,047,116	1,396,154	746,828	995,770	1,327,693	740,245	986,993	1,315,990
Capital conservation buffer	436,298	436,298	436,298	414,904	414,904	414,904	411,247	411,247	411,247
Countercyclical buffer	349,039	349,039	349,039	248,943	248,943	248,943	246,748	246,748	246,748
Total capital requirement	1,570,673	1,832,452	2,181,491	1,410,674	1,659,617	1,991,540	1,398,240	1,644,988	1,973,985
Total Pillar I capital requirement			2,181,491			1,991,540			1,973,985

Note 12 Leverage ratio

	Amounts in SEK thousand		
	30/06/2017	30/06/2016	31/12/2016
Core capital	3,486,113	3,262,688	3,497,209
Exposure measure	38,540,299	34,381,115	35,576,384
Leverage ratio, %	9.05	9.49	9.83

Note 13 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

Assets, Jan-June 2017	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Chargeable treasury bills etc.	1,131,760	-	-	1,131,760	1,131,760
Lending to credit institutions	-	1,266,786	-	1,266,786	1,266,786
Lending to the public	-	15,870,457	-	15,870,457	15,908,380
Bonds and other interest-bearing securities	1,147,365	675,191	-	1,822,556	1,822,530
Other assets	-	-	757,290	757,290	757,290
Prepayments and accrued income	-	-	75,576	75,576	75,576
Total	2,279,125	17,812,434	832,866	20,924,425	20,962,322

Liabilities, Jan-June 2017	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Liabilities to credit institutions	-	1,647,879	-	1,647,879	1,650,000
Deposits and borrowing from the public	-	15,390,787	-	15,390,787	15,390,787
Securities issued	14,852,485	-	-	14,852,485	14,773,426
Other liabilities	-	932,141	-	932,141	932,141
Accruals and deferred income	-	-	1,257,165	1,257,165	1,257,165
Total	14,852,485	17,970,807	1,257,165	34,080,458	34,003,519

Assets, Jan-June 2016	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Chargeable treasury bills etc.	839,173	-	-	839,173	839,173
Lending to credit institutions	-	1,640,842	-	1,640,842	1,640,842
Lending to the public	-	14,472,017	-	14,472,017	14,515,234
Bonds and other interest-bearing securities	684,513	250,023	-	934,536	934,536
Other assets	-	-	653,158	653,158	653,158
Prepayments and accrued income	-	-	57,449	57,449	57,449
Total	1,523,686	16,362,882	710,607	18,597,175	18,640,392

Liabilities, Jan-June 2016	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Liabilities to credit institutions	-	1,332,528	-	1,332,528	1,350,000
Deposits and borrowing from the public	-	14,877,179	-	14,877,179	14,877,160
Securities issued	11,810,575	-	-	11,810,575	11,808,993
Other liabilities	-	831,060	-	831,060	831,060
Accruals and deferred income	-	-	1,116,801	1,116,801	1,116,801
Total	11,810,575	17,040,767	1,116,801	29,968,143	29,984,014

Fair value assets and liabilities by category

Assets

							Amounts in SEK thousand	
30/06/2017	Loan and trade receivables	FVO*	Investments held to maturity	Derivatives in hedge accounting	Other assets	Total	Fair value	
Chargeable treasury bills etc.	-	1,131,760	-	-	-	1,131,760	1,131,760	
Lending to credit institutions	1,266,786	-	-	-	-	1,266,786	1,266,786	
Lending to the public	15,908,380	-	-	-	-	15,908,380	15,870,457	
Bonds and other interest-bearing securities	-	1,147,365	675,165	-	-	1,822,530	1,822,556	
Shares and participations in associated and other companies	-	-	-	-	19,009	19,009	-	
Shares and participations in Group companies	-	-	-	-	6,742	6,742	-	
Intangible non-current assets	-	-	-	-	17,728	17,728	-	
Property, plant and equipment, inventory	-	-	-	-	2,064	2,064	-	
Property, plant and equipment, lease items	-	-	-	-	17,575,583	17,575,583	-	
Other assets	510,541	45	-	16,886	229,818	757,290	757,290	
Prepayments and accrued income	75,576	-	-	-	-	75,576	75,576	
Total assets	17,761,283	2,279,170	675,165	16,886	17,850,944	38,583,448		

Liabilities

30/06/2017		FVO**	Non-financial liabilities	Derivatives in hedge accounting	Other financial liabilities	Total	Fair value
Liabilities to credit institutions	-	-	-	-	1,650,000	1,650,000	1,647,879
Deposits and borrowing from the public	-	-	-	-	15,390,787	15,390,787	15,390,787
Securities issued	-	-	-	-	14,773,426	14,773,426	14,852,485
Other liabilities	-	142	316,848	880	614,271	932,141	932,141
Accruals and deferred income	-	-	1,204,681	-	52,484	1,257,165	1,257,165
Total liabilities		142	1,521,529	880	32,480,968	34,003,519	

Assets

30/06/2016	Loan and trade receivables	FVO*	Investments held to maturity	Derivatives in hedge accounting	Other assets	Total	Fair value
Chargeable treasury bills etc.	-	839,173	-	-	-	839,173	839,173
Lending to credit institutions	1,640,842	-	-	-	-	1,640,842	1,640,842
Lending to the public	14,515,234	-	-	-	-	14,515,234	14,472,017
Bonds and other interest-bearing securities	-	684,513	250,023	-	-	934,536	934,536
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	-	-	-	-	8,423	8,423	-
Property, plant and equipment, inventory	-	-	-	-	1,629	1,629	-
Property, plant and equipment, lease items	-	-	-	-	15,498,204	15,498,204	-
Other assets	438,511	-	-	26,225	188,422	653,158	653,158
Prepayments and accrued income	57,449	-	-	-	-	57,449	57,449
Total assets	16,652,036	1,523,686	250,023	26,225	15,720,217	34,172,187	

Liabilities

30/06/2016		FVO**	Non-financial liabilities	Derivatives in hedge accounting	Other financial liabilities	Total	Fair value
Liabilities to credit institutions	-	-	-	-	1,350,000	1,350,000	1,332,528
Deposits and borrowing from the public	-	-	-	-	14,877,160	14,877,160	14,877,179
Securities issued	-	-	-	-	11,808,993	11,808,993	11,810,575
Other liabilities	-	579	321,447	-	509,034	831,060	831,060
Accruals and deferred income	-	-	1,063,580	-	53,221	1,116,801	1,116,801
Total liabilities		579	1,385,027	-	28,598,408	29,984,014	

* Financial assets at fair value through the income statement.

** Financial liabilities at fair value through the income statement.

Note 14 Related parties

The bank is owned 50% each by the Swedish Volvo dealers, via their holding company AB Volverkinvest and Volvo Car Corporation. Both companies are classified as other related companies.

The bank has interests in four companies that are classified as associated companies. The Group also includes wholly-owned and dormant subsidiaries: Volvofinans Leasing AB, Autofinans Nordic AB, CarPay Sverige AB and Volvofinans IT AB.

	Amounts in SEK thousand					
	Group companies		Associated companies		Other related companies	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016	30/06/2017	30/06/2016
Balance sheet						
Assets	6,742	6,742	207,091	298,011	865,542	789,922
Liabilities	6,789	6,789	155,073	237,738	109,113	123,209
Income statement						
Interest income	-	-	1,909	152	7	5
Lease income	-	-	-	-	115,079	123,007
Interest expenses	-	-	-	-	-7	-37
Commission income	-	-	359	1,968	802	1,112
Other operating income	-	-	-	-	-	-
Total	-	-	2,268	2,120	115,881	124,087

Note 15 Events after the end of the period

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

Note 16 Memorandum items

	30/06/2017	31/12/2016
Pledged assets	-	-
Contingent liabilities	-	-



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