

INTERIM REPORT

AB VOLVOFINANS (PUBL)
JANUARY 1 – JUNE 30, 2008



INTERIM REPORT

AB Volvofinans (publ)
Corp. Reg. No. 556069-0967
January 1 – June 30, 2008

This information is such that AB Volvofinans must disclose it publicly pursuant to the Securities Market Act (SFS 2007:528).
This information was submitted for publication at 3:00 p.m. on August 29, 2008.

MESSAGE FROM THE PRESIDENT

Volvofinans reported continued positive development during the first half of 2008. Although the new car market declined by 8%, we succeeded in maintaining transaction volumes at a satisfactory level by increasing our proportion of penetration. In cooperation with the Volvo dealers, Volvofinans consistently adapted the price of loans to car buyers, thereby taking into consideration the market situation following the financial turmoil that characterized the period.

A similar trend of increased penetration was also observed within the truck market. Performance in this market remained consistently strong during the period.

The Volvo Card, which also includes an optional VISA link, will now be offered to our customers. The VISA link will enable customers to use the card outside Volvo dealerships.

During the first half of the year, internal focus was placed on reorganization, with new customer-related business areas, consumers and small businesses, fleet financing and trucks. These activities were intensified in cooperation with the dealerships, generating successful results.

In terms of income, we achieved our planned levels, a result on level with the preceding year. Income amounted to SEK 151.7 million (154.8). More

expensive borrowing as a result of the financial turmoil was not fully offset by transfer to our customers.

Liquidity remains strong despite concern in the financial market and Volvofinans' rating of A3/P-2 from Moody's has generated a "stable outlook."

In July, Volvofinans was granted bank status by the Swedish Financial Supervisory Authority under the new company name Volvofinans Bank AB.

OWNERSHIP / OPERATIONS

Since its beginning in 1959, Volvofinans has been 50% owned by the Swedish Volvo dealerships through their holding company, AB Volverkinvest. The Swedish Sixth National Pension Fund owns 40% as of September 2007 and Ford Credit International Inc. owns 10% (previously 50%).

Volvofinans' primary task is to support sales of Volvo and Renault products marketed through Volvo dealerships in the Swedish market with profitable product and sales financing.

AB Volvofinans is an authorized credit market company and the Parent Company of Volvofinans Konto Bank AB. On July 4, 2008, AB Volvofinans (following a name change to Volvofinans Bank AB) obtained permission from the Swedish Financial Supervisory Authority to conduct banking operations.

Volvofinans Konto Bank AB conducts credit card operations and administers and markets the payment and benefits card used in Volvo dealerships – the Volvo Card.

At its meeting in September 2007, the Board of Directors of AB Volvofinans decided on a consolidation of the operations of AB Volvofinans and Volvofinans Konto Bank AB in 2008.

VOLUMES / LENDING

During the first half of 2008, sales of new cars in Sweden declined compared with the year-earlier period. A total of 139,511 cars (152,049) was registered. Volvo's and Renault's combined market share was 22.1% (22.3) or 30,902 registrations (33,959).

At June 30, 2008, the total contract portfolio amounted to 234,109 contracts (241,267). The truck and bus portion of the contract portfolio amounted to 8,699 contracts (8,880), corresponding to slightly more than 4%.

Of the total sales of new and used cars by Swedish Volvo dealers, 48.7% (45.4) generated a financial contract for Volvofinans. Penetration of new and used cars was 54.0% and 43.6%, respectively.

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Volvofinans finances the Swedish Volvo dealers' truck sales, excluding the portion conducted through the Volvo Truck Center, which is owned by AB Volvo. Penetration for new trucks amounted to 24.6%.

The Volvo Card continued to expand and perform positively, resulting in increased card and lending volumes. Lending rose by 6% compared with the preceding year. The number of accounts is half a million each month and total consumption of goods and services via the Volvo Card amounted to approximately SEK 5.0 billion (4.6) during the first half of the year.

Sales via the Volvo Truck Card amounted to SEK 236 million (174), an increase of slightly more than 9% compared with the preceding year.

The number of corporate customers for which Svensk Vagnparksfinans handles vehicle administration increased by 2.8%. At June 30, 2008, 32,624 cars (31,723) were administered with cost follow-up.

The Group's lending volume amounted to SEK 24.1 billion at June 30, 2008, compared with SEK 24.0 billion in the preceding year.

The truck and bus portion of lending amounted to SEK 3.6 billion (3.5), corresponding to 15% of total lending.

The Group's primary segment comprises two lines of business: the car market and the truck market. The geographic distribution reflects that of the Group as a whole.

Operating revenue, operating income, number of contracts and lending volume are presented for Volvofinans' business segments below. Operating revenue is defined as the net of interest income, interest expense, net leasing income, dividends received, net income from financial transactions, commission income and commission expense.

Jan-June 2008	Cars	Trucks	Group
Assets, SEK M	21,591	4,100	25,691
Lending volume, SEK M	20,842	3,958	24,800
Operating revenue, SEK T	291,932	21,501	313,433
Overhead costs	133,840	17,895	151,735
Operating income, SEK T	152,811	5,401	158,212
Number of contracts	225,410	8,699	234,109

Overhead costs are defined as general administrative expenses and other operating expenses. Volvofinans does not deem it relevant to divide its liabilities between the different segments. Lending is controlled by total need and cannot be specifically attributed to the segments.

INCOME

The Volvofinans Group's income before loan losses amounted to SEK 155.2 million (158.3) and income before appropriations and tax fell 2% to SEK 151.7 million (154.8).

Despite higher lending margins, interest income was influenced positively by rising interest rates. The decrease in the number of contracts had a negative impact on commission income. Expenses, incurred primarily for IT and marketing activities, increased compared with the preceding year.

CREDIT RISKS AND LOAN LOSSES

Confirmed customer losses pertaining primarily to credit card operations increased as a result of increased business volumes. However, loss levels remained very low comparatively. Recovered losses pertain primarily to payment for pre-sold, previously written-off losses. Risk provisions pertaining to contracts and credit card portfolios are booked based on group-wise valuations.

The Group's credit risk remains very low, since most of the credit risks and residual value risks are carried by the Volvo dealers.

The Group's problem credits pertain solely to credit card receivables. These have been fully reserved and amounted to SEK 101.8 million (72.6). The number of collection-service customers was low and amounted to 9,286 (8,375) at June 30, 2008. The increase in problem credits is due to a rise in average debt as a result of the increasingly high price of fuel and customers' access to longer credit periods. There are no credits for which interest concessions have been negotiated, nor has there been any seizure of property to protect a receivable. Loan losses are presented in the following table.

Amounts in SEK T	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Confirmed loan losses				
Confirmed loan losses	- 5,134	- 6,533	-	-
Recovered losses	<u>1,067</u>	<u>1,287</u>	<u>27</u>	<u>29</u>
	- 4,067	- 5,246	27	29
Credit risk provisions				
Reserves for anticipated loan losses	<u>582</u>	<u>1,730</u>	<u>1,866</u>	<u>5,172</u>
LOAN LOSSES, net	- 3,485	- 3,516	1,893	5,201

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CAPITAL PROCUREMENT

During the period, our market programs for borrowing were utilized and experienced favorable demand. Prevailing international credit turmoil is also affecting Swedish money and capital markets, mainly in the form of increased borrowing expenses for long-term financing (longer than 12 months).

Volvofinans' Nordic Commercial Paper Program of SEK 15 billion offers the potential to issue short-term loans in the Scandinavian currencies and in EUR. In the case of borrowing on the European money market, we use our Euro Commercial Paper Program with a ceiling of EUR 500 M. Our MTN program, with a limit of SEK 10 billion, is used for long-term borrowing.

Total outstanding financing via our three market programs amounted to SEK 13.3 billion at June 30, 2008.

As a supplement to the procurement of funds on the market, long-term credits are raised via banks or bank syndicates. At June 30, 2008, this type of financing totaled SEK 6.2 billion. Volvofinans has relations with some twenty Swedish and international banks.

At June 30, 2008, long-term borrowing accounted for 58% of total capital procurement.

Short-term borrowing, with remaining maturities of less than one year, must be covered at any given time by unutilized bank facilities. At period-end, the total volume of contracted facilities amounted to SEK 11.3 billion, of which SEK 1.2 billion was contracted with AB Volverkinvest and the Swedish Sixth National Pension Fund.

FINANCIAL RISKS

Since the Group operates in the financial sector, its operations are exposed to a number of financial risks on an ongoing basis.

Liquidity risk is the risk that Volvofinans' payment obligations cannot be met at maturity without significant increase in repayment costs or, in the worst-case scenario, cannot be met at all. To assure its repayment capacity, Volvofinans has signed agreements with banks on credit assurances (bank facilities) that may be utilized at short notice.

Interest-rate risk is the present and future risk that net interest income declines due to an adverse interest rate change. The majority of Volvofinans' credits and all borrowings track short-term interest rates, entailing a limited interest-rate risk.

Currency risk arises as a result of unfavorable fluctuations in exchange rates. All of Volvofinans' lending is in SEK. When financing occurs in foreign currencies, currency risk is hedged, which means that Volvofinans is not exposed to any exchange-rate fluctuations.

RATING

During the period, no change in Volvofinans' rating has occurred. Volvofinans has international credit ratings from Moody's Investors Service as follows:

- Short-term financing: P-2
- Long-term financing: A3

Detailed analyses from Moody's Investors Service can be found on the Volvofinans website, www.volvofinans.se.

CAPITAL ADEQUACY

The new capital adequacy regulations mean that the capital requirement is more closely linked to the institution's overall risk profile than before, which entails a lower minimum capital requirement for Volvofinans.

Volvofinans calculates the capital requirement for credit risk in accordance with the standardized method, which means that all exposures are divided into 15 exposure categories with different risk weights in each respective category.

Capital requirements for operational risk are calculated in accordance with the base method, which means that the capital requirement comprises 15% of the average of the operating revenues for the past three fiscal years.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On July 4, 2008, AB Volvofinans (following a name change to Volvofinans Bank AB) obtained permission from the Swedish Financial Supervisory Authority to conduct banking operations.

The report for September 30 will be published on November 28 and will be available on our website: www.volvofinans.se

If any questions arise, please contact Bert Björn, President of Volvofinans, +46-31-83 88 00.

This report is unaudited.

INTERIM REPORT

The interim report provides a fair review of the Parent Company's and Group's operations, financial position and earnings and describes the significant risks and uncertainty factors that the Parent Company and the companies within Group face.

Göteborg, August 2008



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Chairman
Head of AP Direct Investments, Sixth AP Fund,
Göteborg



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Bert Björn
President and CEO, AB Volvofinans

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

CAPITAL ADEQUACY

Amounts in SEK M	Group* June 30, 2008	Parent Company* June 30, 2008	Group** June 30, 2007	Parent Company** June 30, 2007
Capital base				
Capital base	2,729	2,739	2,616	2,603
Core capital	2,538	2,548	2,423	2,410
Supplementary capital	191	191	193	193
Capital requirement				
Capital requirement for credit risk as per standardized method	1,665	1,560	-	-
Capital requirement for operational risk as per base method	84	43	-	-
Total minimum capital requirement as per Basel II	1,749	1,603	-	-
Total minimum capital requirement Basel I	2,002	1,844	1,968	1,821
Capital adequacy measurement				
Capital adequacy ratio	1.56	1.71	1.33	1.43
Capital adequacy level	13.11	14.05	10.64	11.44
Core capital ratio	12.19	13.07	9.85	10.59

* In accordance with Basel II Standardized

** In accordance with Basel I

STATEMENT OF INCOME

	Group				Parent Company			
	2008 Jan - June	2008 Apr-June	2007 Jan - June	2007 Apr-June	2008 Jan - June	2008 Apr-June	2007 Jan - June	2007 Apr-June
Amounts in SEK T								
Interest income	558,343	281,479	445,612	226,748	423,416	216,376	318,631	161,559
Leasing income	916,329	458,693	828,174	420,168	1,239,945	617,291	1,164,498	587,901
Interest expenses	-511,291	-259,497	-368,866	-190,280	-506,531	-256,781	-364,863	-188,011
Dividends received	-	-	522	522	-	-	522	522
Net result from financial transactions*	1,012	1,532	2,872	1,620	1,012	1,532	2,872	1,620
Commission income	134,071	71,253	128,874	65,843	40,802	20,056	39,626	19,886
Commission expenses	-9,532	-4,942	-7,790	-3,918	-6,980	-3,446	-5,568	-2,672
Total operating income	1,088,932	548,518	1,029,397	520,702	1,191,664	595,028	1,155,718	580,804
General administrative expenses	-129,154	-65,077	-125,051	-64,158	-50,113	-25,937	-42,927	-22,036
Depreciation of tangible fixed assets	-775,500	-387,179	-726,300	-368,346	-1,037,751	-515,236	-1,010,346	-509,679
Other operating expenses	-29,058	-20,423	-19,761	-9,098	-9,423	-6,003	-6,892	-4,382
Total operating expenses	-933,712	-472,679	-871,112	-441,603	-1,097,287	-547,176	-1,060,165	-536,097
Income before credit losses	155,220	75,839	158,285	79,099	94,377	47,852	95,553	44,707
Credit losses, net	-3,485	-4,828	-3,516	-3,329	1,893	538	5,201	2,296
Income before appropriations and tax	151,735	71,011	154,769	75,771	96,270	48,390	100,754	47,003
Appropriations	-	-	-	-	-	-	-	-
Estimated tax	-42,486	-19,883	-43,335	-21,216	-26,955	-13,549	-28,211	-13,161
Net income	109,249	51,128	111,433	54,555	69,314	34,841	72,543	33,842
* Net income from financial transactions	2008 Jan - June	2008 Apr-June	2007 Jan - June	2007 Apr - June	2008 Jan - June	2008 Apr-June	2007 Jan - June	2007 Apr - June
Currency-related	84	-123	1,594	783	84	-123	1,594	783
Interest-bearing securities & related derivatives	928	1,655	1,278	837	928	1,655	1,278	837
	1,012	1,532	2,872	1,620	1,012	1,532	2,872	1,620

BALANCE SHEET

Amounts in SEK T	Group		Parent Company	
	2008 June 30	2007 June 30	2008 June 30	2007 June 30
Lending including leased assets	24,799,917	23,981,177	22,989,234	22,256,205
Lending to Group companies	-	-	980,358	851,374
Other assets*	890,903	837,526	1,010,385	956,238
Total assets	25,690,820	24,818,703	24,979,977	24,063,817
Borrowing	20,613,425	19,935,639	20,377,562	19,741,516
Other liabilities*	1,297,911	1,337,490	896,534	843,715
Subordinated loan	190,681	193,136	190,681	193,136
Deferred tax	824,115	774,387	824,115	774,387
Guarantee fund loan	200,000	200,000	200,000	200,000
Shareholders' equity	2,412,953	2,223,282	2,394,815	2,210,310
Income before appropriations and tax	151,735	154,769	96,270	100,754
Total liabilities and shareholders' equity	25,690,820	24,818,703	24,979,977	24,063,817

* Of which, derivative instruments with positive and negative market values.

	2008	2007
	June 30	June 30
Derivative instruments with positive market values	33,724	14,608
Derivative instruments with negative market values	-87,699	-99,036

KEY RATIOS

Group	2008* Jan - June	2007** Jan - June	2007* Full year
Return on shareholders' equity, %	9.06	10.02	9.90
Risk capital/total assets, %	14.71	14.29	13.48
Income/Risk-weighted assets, %	1.46	1.26	1.43
Capital adequacy ratio	1.56	1.33	1.53
Capital adequacy level, %, %	13.11	10.64	12.83
Core capital ratio, %	12.19	9.85	11.91
Credit losses/Ø lending, %	0.03	0.03	0.03
I/E ratio	1.90	1.96	1.98
I/E ratio excluding loan losses	1.94	2.00	2.03

* In accordance with Basel II Standardized

** In accordance with Basel I

CASH-FLOW STATEMENT

ONGOING OPERATIONS	Amounts in SEK T	
GROUP	2008 Jan - June	2007 Jan - June
Operating income	151,735	154,769
Depreciation	775,500	726,300
<i>Changes in operating assets and liabilities</i>		
Lending to credit institutions	-592,882	14,902
Lending to the public	798,585	570,520
Other assets	94,416	-71,546
Liabilities to credit institutions	-243,823	-216,977
Borrowing from the public	90,713	279,527
Securities issued	173,786	-127,052
Other liabilities	-316,857	70,210
Cash flow from ongoing operations	931,173	1,400,653
 INVESTMENT OPERATIONS		
Changes in intangible fixed assets	-4,063	-14,281
Changes in tangible fixed assets	-889,514	- 1,088,913
Cash flow from investment operations	-893,577	-1,103,194
 FINANCING OPERATIONS		
Debenture loan	-4,300	-266,865
Dividend paid	-33,300	-30,600
Cash flow from financing operations	-37,600	-297,465
Cash flow for the period	-4	-6
Cash and cash equivalents, January 1	6	12
Cash flow from ongoing operations	931,173	1,400,653
Cash flow from investment operations	-893,577	-1,103,194
Cash flow from financing operations	-37,600	-297,465
Cash and cash equivalents at the end of the period	2	6

CHANGES IN SHAREHOLDERS' EQUITY

Amounts in SEK T Group	Share capital	Retained earnings incl. income for the year	Total equity
Shareholders' equity, January 1 2007	100,000	2,153,882	2,253,882
Net income for the year		222,971	222,971
Total changes before shareholder transactions	0	222,971	222,971
Dividend		-30,600	-30,600
Shareholders' equity, December 31, 2007	100,000	2,346,253	2,446,253

Group	Share capital	Retained earnings incl. income for the year	Total equity
Shareholders' equity, January 1, 2008	100,000	2,346,253	2,446,253
Income for the period after taxes		109,249	109,249
Total changes before shareholder transactions	0	109,249	109,249
Dividend		-33,300	-33,300
Shareholders' equity, June 30, 2008	100,000	2,422,203	2,522,203

Parent Company	Share capital	Restricted equity Statutory reserve	Retained earnings incl. income for the year	Total equity
Shareholders' equity, January 1, 2007	100,000	20,000	130,060	250,060
Net income for the year			9,635	9,635
Total changes before shareholder transactions	0	0	9,635	9,635
Group contribution received			110,925	110,925
Tax attributable to Group contribution received			-31,059	-31,059
Dividend			-30,600	-30,600
Shareholders' equity, December 31, 2007	100,000	20,000	188,961	308,961

Parent Company	Share capital	Restricted equity Statutory reserve	Retained earnings incl. income for the year	Total Equity
Shareholders' equity, January 1, 2008	100,000	20,000	188,961	308,961
Income for the period after tax			69,314	69,314
Total changes before shareholder transactions	0	0	69,314	69,314
Dividend			-33,300	-33,300
Shareholders' equity, June 30, 2008	100,000	20,000	224,975	344,975

ACCOUNTING PRINCIPLES

GROUP

Volvofinans applies IFRS (International Financial Reporting Standards) as adopted by the EU. This interim report was prepared in accordance with IAS 34. The Parent Company prepares the interim report in accordance with legally restricted IFRS. In the interim reports, the applied valuation and accounting principles are the same as in the latest annual report.

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



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