



VOLVOFINANS

INTERIM REPORT

**AB VOLVOFINANS (PUBL)
JANUARY 1 – MARCH 31, 2008**

INTERIM REPORT

AB Volvofinans (publ)
Corp. Reg. No. 556069-0967
January 1 – March 31, 2008

This information is such that AB Volvofinans must disclose it publicly pursuant to "Lag om värdepappersmarknaden (SFS 2007: 528)" (the Securities Market Act (ç)).
This information was submitted for publication at 1:30 p.m. on May 30, 2008.

MESSAGE FROM THE PRESIDENT

For Volvofinans, the first quarter was characterized by a reorganization with a clear focus on our new, customer-related business areas, consumer and small business, fleet financing and trucks.

Our ambition has been to intensify efforts to increase financing and card transactions tied to the business areas together with the dealers.

We already see an effect of this work and have noted larger transaction volumes in several segments.

Although the new car market decreased by nearly 10%, we succeeded in maintaining the business volumes at a satisfactory level.

The change in ownership implemented in 2007, when the Swedish Sixth National Pension Fund bought 40% of the shares in the company from Ford Credit, has been very positive for Volvofinans with even more aggressive efforts in our business areas.

In terms of income, we achieved planned levels, which is slightly better than the preceding year. Income amounted to SEK 80.7 million (79.0).

Liquidity remains strong despite concern in the financial markets.

Within the scope of what is known in Basel II as Pillar 2, Volvofinans has prepared a model for internal capital adequacy assessment. The Swedish Financial Supervisory Authority's review of Volvofinans' internal capital adequacy assessment process (ICAAP) was concluded without objection.

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, which obtained permission from the Swedish Financial Supervisory Authority in December to conduct banking operations.

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

At its meeting in September, 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

Sales of new cars in Sweden decreased by 9.6% compared with the year-earlier period. A total of 61,823 cars (68,402) were registered. Volvo's and Renault's combined market share was 24.3% (23.5) or 15,010 registrations (16,056).

Truck sales in Sweden continue to rise and indicate an annual volume of 6,650. With a market share of 44%, Volvo is defending its strong market position.

The total contract portfolio (loans and leasing contracts) amounted to 202,757 contracts (211,127). The truck and bus portion of the contract portfolio amounts to 8,761 contracts (9,032) or nearly 4%.

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Of the total sales of new and used cars by Swedish Volvo dealers, 49% (46) generates a financial contract for Volvofinans. Penetration of new and used cars is 55% and 43%, respectively.

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 25%.

The Volvo Card continues to grow and lending increased by 1% compared with the preceding year. The number of active accounts is half a million each month and total consumption of goods and services using the Volvo Card amounted to approximately SEK 2.3 billion.

The number of corporate customers for which Svensk Vagnparksfinans handles vehicle administration remained at a consistently high level. At the end of the reporting period, 32,243 cars (31,469) were administered with cost follow-up.

The Group's lending volume amounted to SEK 23.7 billion compared with SEK 23.6 billion in the preceding year.

The truck and bus portion of lending amounted to SEK 3.5 billion (3.5) which corresponds to 15% of total lending.

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

Assets, lending volume, operating revenue, overhead costs, operating income and number of contracts 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.

<u>Jan-Mar 2008</u>	<u>Cars</u>	<u>Trucks</u>	<u>Group</u>
Assets, SEK M	20,475	4,051	24,526
Lending volume, SEK M	19,829	3,923	23,752
Operating revenue, SEK T	142,918	9,176	152,094
Overhead costs	70,116	2,597	72,713
Operating income, SEK T	72,363	8,361	80,724
Number of contracts	226,239	8,761	235,000

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 79.4 million (79.2) and income before appropriations and tax was SEK 80.7 million (78.9).

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 96.9 million (70.4). The number of collection-service customers was 8,989 (8,575) at the end of the period. 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.

	<u>GROUP</u>		<u>PARENT COMPANY</u>	
<u>Amounts in SEK T</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Confirmed loan losses				
Confirmed loan losses	- 2,441	- 3,312	-	-
Recovered losses	<u>523</u>	<u>613</u>	<u>14</u>	<u>14</u>
	- 1,918	- 2,699	14	14
Credit risk provisions				
Reserves for anticipated loan losses	<u>3,261</u>	<u>2,512</u>	<u>1,341</u>	<u>2,891</u>
LOAN LOSSES, net	1,343	- 187	1,355	2,905

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CAPITAL PROCUREMENT

Despite growing turbulence in the capital market during the quarter, Volvofinans had strong demand for issued securities. During the period, our market programs for both long-term and short-term borrowing were utilized.

Total outstanding financing in the Swedish and European capital markets amounted to SEK 12.6 billion. Total volume of available credit facilities amounted to SEK 17.5 billion, of which SEK 6.5 billion were utilized at the end of the quarter.

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 commitments (credit 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

In May, the Swedish Financial Supervisory Authority concluded the matter of AB Volvofinans' internal capital adequacy assessment ICAAP (November 2007) without any particular measures and assesses that AB Volvofinans has sufficient capital relative to the risk to which the Financial Supervisory Authority perceives the company is exposed.

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



Bert Björn
President

The report of June 30 will be published on August 29, 2008 and will be available on our website: www.volvofinans.se

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

This report is unaudited.

CAPITAL ADEQUACY

Amounts in SEK M	Group* Mar. 31, 2008	Parent Company* Mar. 31, 2008	Group** Mar. 31, 2007	Parent Company** Mar. 31, 2007
Capital base				
Capital base	2,734	2,743	2,733	2,720
Core capital	2,537	2,546	2,423	2,410
Supplementary capital	197	197	310	310
Capital requirement				
Capital requirement for credit risk as per standardized method	1,614	1,524	-	-
Capital requirement for operational risk as per base method	84	43	-	-
Total minimum capital requirement as per Basel II	1,698	1,567	-	-
Total minimum capital requirement Basel I	1,955	1,816	1,932	1,797
Capital adequacy measurement				
Capital adequacy ratio	1.61	1.75	1.41	1.51
Capital adequacy level	13.55	14.40	11.32	12.11
Core capital ratio	12.57	13.36	10.03	10.73

* In accordance with Basel II Standardized

** In accordance with Basel I

STATEMENT OF INCOME

	Group		Parent Company	
	2008 Jan-Mar	2007 Jan - Mar	2008 Jan - Mar	2007 Jan - Mar
Amounts in SEK T				
Interest income	276,864	218,864	207,040	157,072
Leasing income	457,635	408,006	622,654	576,597
Interest expenses	-251,793	-178,586	-249,750	-176,852
Dividends received	-	-	-	-
Net result from financial transactions*	-520	1,252	-520	1,252
Commission income	62,818	63,031	20,745	19,740
Commission expenses	-4,590	-3,872	-3,533	-2,896
Total operating income	540,414	508,695	596,636	574,913
General administrative expenses	-64,077	-60,893	-24,176	-20,891
Depreciation of tangible fixed assets	-388,320	-357,954	-522,515	-500,667
Other operating expenses	-8,636	-10,663	-3,420	-2,510
Total operating expenses	-461,033	-429,510	-550,111	-524,068
Income before credit losses	79,381	79,185	46,525	50,846
Credit losses, net	1,343	-187	1,355	2,905
Income before appropriations and tax	80,724	78,998	47,880	53,751
Appropriations	-	-	-	-
Estimated tax	-22,603	-22,119	-13,406	-15,050
Net income	58,121	56,878	34,474	38,701
* Net income from financial transactions				
	2008	2007	2008	2007
	Jan - Mar	Jan - Mar	Jan - Mar	Jan - Mar
Currency-related	207	811	207	811
Interest-bearing securities & related derivatives	-727	441	-727	441
	-520	1,252	-520	1,252

BALANCE SHEET

Amounts in SEK T	Group		Parent Company	
	2008 March 31	2007 March 31	2008 March 31	2007 March 31
Lending including leased assets	23,751,575	23,576,976	22,151,538	21,970,394
Lending to Group companies	-	-	800,760	778,293
Other assets*	774,348	754,718	906,847	899,785
Total assets	24,525,923	24,331,694	23,859,145	23,648,472
Borrowing	19,460,128	19,323,540	19,244,270	19,118,571
Other liabilities*	1,351,239	1,242,883	951,301	802,849
Subordinated loan	196,764	458,004	196,764	458,004
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	2,253,882	2,394,815	2,240,910
Income before appropriations and tax	80,724	78,998	47,880	53,751
Total liabilities and shareholders' equity	24,525,923	24,331,694	23,859,145	23,648,472

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

	2008 March 31	2007 March 31
Derivative instruments with positive market values	18,894	26,444
Derivative instruments with negative market values	-44,799	-49,255

KEY RATIOS

GROUP	2008* Jan - Mar	2007** Jan - Mar	2007* full year
Return on shareholders' equity, %	9.64	10.23	9.90
Risk capital/total assets, %	15.15	15.47	13.48
Income/Risk-weighted assets, %	1.60	1.31	1.43
Capital adequacy ratio	1.61	1.41	1.53
Capital adequacy level, %	13.55	11.32	12.83
Core capital ratio, %	12.57	10.03	11.91
Credit losses/Ø lending, %	0.00	0.00	0.03
I/E ratio	2.08	2.08	1.98
I/E ratio excluding credit losses	2.04	2.08	2.03

* In accordance with Basel II Standardized

** In accordance with Basel I

CASH-FLOW STATEMENT

ONGOING OPERATIONS

Amounts in SEK T

GROUP	2008	2007
	Jan - Mar	Jan - Mar
Operating income	80,724	78,998
Depreciation	388,320	357,954
<i>Changes in operating assets and liabilities</i>		
Lending to credit institutions	116,581	15,268
Lending to the public	1 032,921	671,680
Other assets	211,471	4,240
Liabilities to credit institutions	54,220	-237,710
Borrowing from public	-26,708	115,486
Securities issued	-1 160,133	-554,378
Other liabilities	-296,829	-24,399
Cash flow from ongoing operations	400,567	427,139
INVESTMENT OPERATIONS		
Changes in intangible fixed assets	-1,273	-7,529
Changes in tangible fixed assets	-401,079	-417,616
Cash flow from investment operations	-402,352	-425,145
FINANCING OPERATIONS		
Debenture loan	1,783	-1,996
Cash flow from financing operations	1,783	-1,996
Cash flow for the period	-2	-2
Cash and cash equivalents, January 1	6	12
Cash flow from ongoing operations	400,567	427,139
Cash flow from investment operations	-402,352	-425,145
Cash flow from financing operations	1,783	-1,996
Cash and cash equivalents at the end of the period	4	10

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	-	222,971	222,971	
Dividend		-30,600	-30,600	
Shareholders' equity, December 31, 2007	100,000	2,346,253	2,446,253	
Shareholders' equity, January 1, 2008	100,000	2,346,253	2,446,253	
Income for the period after taxes		58,121	58,121	
Total changes before shareholder transactions	-	58,121	58,121	
Dividend		-33,300	-33,300	
Shareholders' equity, March 31, 2008	100,000	2,371,074	2,471,074	
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	-	-	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
Shareholders' equity, January 1, 2008	100,000	20,000	188,961	308,961
Income for the period after tax			34,473	34,473
Total changes before shareholder transactions	-	-	34,473	34,473
Dividend			-33,300	-33,300
Shareholders' equity, March 31, 2008	100,000	20,000	190,134	310,134

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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