

INTERIM REPORT

AB Volvofinans (publ)
Corp. reg. no. 556069-0967
January 1 – March 31, 2006

Car sales

New car sales in Sweden increased by 2.9% compared with the year-earlier period. A total of 61,300 cars were registered (59,600). Volvo and Renault accounted for 24.2% of sales, or 14,800 cars (15,500).

Truck sales amounted to 1,373 units (1,141), of which Volvo's share was 45% (45). The current order bookings indicate an annual volume of about 5,600 units, compared with 5,432 in the preceding year.

Volvofinans' total car penetration was 46.6% (49.5) in the first quarter. Truck penetration, excluding Volvo Truck Center (for rolling 12 months), amounted to 51.5% (52.5). Since year-end 2005, the number of contracts, 244,700, declined by 1%.

Lending

Lending to the public totaled SEK 23.7 billion (24.2), a decline of SEK 0.5 billion, or 2%, compared with the same date a year-earlier. The main reason for the decline is that the AB Volvo-owned dealer Volvo Truck Center selected an internal Volvo solution in 2005 for its sales financing activities.

Trucks' share amounted to SEK 3.8 billion (4.2), corresponding to 16% lending.

Income

Income before appropriations and tax amounted to SEK 67.6 M (64.3), an increase of 5% compared with the preceding year.

Intensifying competition reduced margins somewhat on lending. At the same time, borrowing costs declined somewhat, which in total resulted in better operating margins. The return on shareholders' equity was 9.55% (9.98).

Credit losses/Risk provisions

Credit losses amounted to SEK 2.0 M (1.8) and are fully attributable to credit card operations. The bulk of lending (92%) concerns our sales financing, in which Volvo dealers bear the entire credit risk, which is why, as in earlier years, no loan losses are reported for these operations.

Provisions to the Group-based risk reserves declined slightly compared with at year-end 2005. The Parent Company reversed SEK 2.9 M and Volvofinans Konto AB increased reserves by SEK 2.7 M. At the time of reporting, the reserves totaled SEK 110.4 M, compared with SEK 110.6 M at year-end. Problem loans amounted to SEK 57.8 M (44.0), and pertain solely to credit card operations.

The increase in problem loans is due to the sharp volume growth in recent years, without any adverse impact on credit losses.

Capital procurement

During the period, we have utilized all of our public borrowing programs, with favorable demand on domestic and European capital markets. Our total borrowing on the market as of March 31 amounted to SEK 12.9 billion and unutilized credit facilities totaled SEK 10.1 billion.

Rating

Volvofinans has been issued the following international credit ratings from Moody's Investor Service:

- Moody's, short-term financing: P-2
- Moody's, long-term financing: A3

Detailed analyses from Moody's Rating Service are available on our website: www.volvofinans.se.

If you have any questions, please contact our President Bert Björn on tel. +46 31 83 88 00.

This interim report is unaudited.

INCOME STATEMENT

Amounts in SEK 000s	2006	Group	2006	Parent Company
	Jan - Mar	2005 Jan - Mar	Jan - Mar	2005 Jan - Mar
Interest income	146,439	154,390	124,554	131,159
Leasing income	539,172	559,651	539,172	559,651
Interest expense	- 115,726	- 134,965	- 114,467	- 133,617
Commission income	60,039	60,812	18,560	18,454
Commission expense	- 5,141	- 6,951	- 3,989	- 5,365
Total operating income	624,783	632,937	563,830	570,282
General administrative expenses	57,528	51,510	20,235	15,354
Depreciation of tangible fixed assets	488,641	504,143	488,006	503,606
Other operating expenses	9,269	9,774	3,324	2,947
Total operating expenses	555,438	565,427	511,565	521,907
Income before credit losses	69,345	67,510	52,265	48,375
Credit losses, net	- 1,784	- 3,209	2,930	1,324
Income before appropriations and tax	67,561	64,301	55,195	49,699

BALANCE SHEET

Amounts in SEK 000s	2006	Group	2006	Parent Company
	Mar 31	2005 Mar 31	Mar 31	2005 Mar 31
Lending including leasing objects	23,687,221	24,269,659	22,155,874	22,813,246
Lending, Group companies	-	-	750,441	742,560
Other assets	507,823	528,723	654,576	665,966
Total assets	24,195,044	24,798,382	23,560,891	24,221,772
Borrowing	19,494,855	19,876,208	19,300,211	19,706,707
Other liabilities	1,104,649	1,223,307	688,374	841,676
Subordinated loan	564,000	876,800	564,000	876,800
Deferred tax	727,459	675,519	727,459	675,519
Shareholders' equity*	2,236,520	2,082,247	2,225,652	2,071,371
Income before appropriations and tax	67,561	64,301	55,195	49,699
Total liabilities and equity	24,195,044	24,798,382	23,560,891	24,221,772

* including guarantee fund and 72% of untaxed reserves

KEY RATIOS

Group	2006 Jan - Mar	2005 Jan - Mar	2005 Jan - Dec
Return on shareholders' equity, %	9.55	9.98	9.74
Risk capital/total assets, %	14.86	14.81	14.36
Capital adequacy ratio, %	11.19	11.31	10.73
Tier 1 capital ratio, %	9.34	8.51	8.96
Loan losses as a percentage of lending, %	0.03	0.05	0.03
I/C ratio	1.97	1.98	1.97
I/C ratio excluding loan losses	2.02	2.08	2.04