

INTERIM REPORT**AB Volvofinans (publ)
Corp. Reg. No. 556069-0967**

January 1 - September 30, 2005

CAR SALES

New car sales in Sweden increased 3.8%, compared with the corresponding period in the preceding year. A total of 199,800 cars were registered (192,500). Volvo and Renault's market share amounted to 23.5% or 47,000 cars (47,700).

Truck sales amounted to 3,928 units (3,344) and Volvo's market share totaled 45% (47). The current order bookings indicate an annual volume of 5,100 units, compared with 4,924 in 2004.

LENDING

Lending amounted to SEK 23.4 billion (23.8), a decline of SEK 0.4 billion, or 2%, compared with the year-earlier period. The truck share of lending declined by SEK 0.4 billion, amounting to SEK 4.0 billion (4.4), which is 17% (18) of the total lending volume. The decline within Trucks is mainly attributable to the Volvo-owned dealership Volvo Truck Center now financing its operations internally through AB Volvo.

INCOME

Income before credit losses amounted to SEK 199.8 M (184.5), an increase of 8% compared with the year-earlier period. The historically low rate of interest following the Swedish Riksbanken's cut in the standard rate in June had a negative impact on earnings. Improved margins

and continued high business volumes offset the effects of the low interest rate well.

Income before appropriations and tax amounted to SEK 188.6 M (192.1), a decline of 2% compared with a year earlier. The return on shareholders' equity was 9.62% (10.68).

CREDIT LOSSES / RISK PROVISIONS

Confirmed credit losses amounted to SEK 5.8 M (4.7) and are fully attributable to credit-card operations. Most of the lending (92%) pertains to 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 increased. At the time of reporting, reserves totaled SEK 114.4 M. At the beginning of the year, these amounted to SEK 109.0 M.

Problem credits totaled SEK 47.5 M (36.0), which only pertains to credit-card operations.

CAPITAL PROCUREMENT

Our total short- and long-term borrowing on the market as of September 30 amounted to SEK 13.5 billion and unutilized credit facilities totaled SEK 11.1 billion.

RATING

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

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

Detailed analyses by Moody's are available on our website: www.volvofinans.se

At the request of Volvofinans, Standard & Poor's withdrew all credit ratings for the company on August 30. The decision is a result of the direct linkage of our rating to the Ford Motor Company that the rating institution chose to apply. We are convinced that this linkage does not sufficiently reflect the extent of Volvofinans own credit-worthiness.

Additional copies of this report as well as supplemental information may be ordered by telephone, +46 31 83 88 62, or at our website, www.volvofinans.se

In case of any questions, contact President Bert Björn, +46 31 83 88 00.

This report is unaudited.

CONSOLIDATED STATEMENT OF INCOME

Amounts in SEK 000s	2005	Group	2005	Parent Company
	Jan - Sept	2004 Jan - Sept	Jan - Sept	2004 Jan - Sept
Interest income	445,556	476,198	375,792	412,751
Leasing income	1,680,822	1,726,049	1,680,822	1,726,049
Interest expenses	- 385,435	- 464,186	- 381,373	- 459,843
Dividends received	15	-	15	-
Commission income	187,100	182,682	54,365	53,687
Commission expenses	- 17,900	- 21,776	- 14,323	- 16,852
Total operating income	1,910,158	1,898,967	1,715,298	1,715,792
General administrative expenses	156,784	147,273	50,938	48,839
Depreciation of tangible assets	1,524,822	1,538,098	1,522,864	1,535,987
Other operating expenses	28,802	29,053	8,040	7,451
Total operating expenses	1,710,408	1,714,424	1,581,842	1,592,277
Income before credit losses	199,750	184,543	133,456	123,515
Credit losses, net	- 11,110	7,551	2,986	13,729
Income before appropriations and tax	188,640	192,094	136,442	137,244
Appropriations	-	-	- 107,067	- 110,369
Estimated tax	- 52,819	- 53,786	- 8,225	- 7,525
Net profit	135,821	138,308	21,150	19,350

CONSOLIDATED BALANCE SUMMARY

Amounts in SEK 000s	2005	Group	2005	Parent Company
	Sept 30	2004 Sept 30	Sept 30	2004 Sept 30
Lending to credit institutions	91,702	166,256	91,702	166,256
Lending to the public	23,447,774	23,848,144	21,873,986	22,202,161
Lending, Group companies	-	-	793,806	716,214
Other assets	634,732	504,136	780,063	623,064
Total assets	24,174,209	24,518,536	23,539,557	23,707,695
Borrowing	19,321,656	19,342,397	19,163,024	19,205,286
Other liabilities	1,114,345	1,465,490	701,401	857,487
Subordinated loan	791,800	976,800	791,800	976,800
Deferred tax	675,519	615,036	675,519	615,036
Guarantee fund	200,000	200,000	200,000	200,000
Shareholders' equity*	1,882,247	1,726,719	1,871,371	1,715,842
Income before appropriations and taxes	188,640	192,094	136,442	137,244
Total liabilities and shareholders' equity	24,174,209	24,518,536	23,539,557	23,707,695

* 72% of untaxed reserves are included

KEY RATIOS

Group	2005	2004	2004
	Jan - Sept	Jan - Sept	Jan - Dec
Return on shareholders' equity, %	9.62	10.68	10.53
Risk capital/total assets, %	15.46	15.13	14.16
Capital adequacy ratio, %	11.13	10.93	11.01
Primary capital relation, %	8.73	7.99	8.22
Loan losses as percentage of lending, %	0.06	-	-
I/C ratio	1.94	2.10	2.06
I/C ratio excluding loan losses	2.06	2.01	1.96

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