

INTERIM REPORT

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

January 1 – March 31, 2005

Car sales

New car sales in Sweden increased by 1.1% compared with the year-earlier period. A total of 59,556 cars were registered (58,887). Volvo and Renault accounted for 26.1% of sales, or 15,546 cars (14,939).

Truck sales amounted to 1,141 units (1,085), of which Volvo's share was 45% (48). The current order bookings indicate an annual volume of 5,000 units, compared with 4,800 in the preceding year.

Lending

Lending to the public totaled SEK 24.2 billion (23.8), an increase of SEK 0.4 billion, or 2%, compared with the year-earlier period.

Trucks' share amounted to SEK 4.3 billion (4.4), corresponding to 18% lending.

Income

Income before appropriations and tax amounted to SEK 64.3 M (57.8), an increase of 11% compared with the preceding year. All business areas reported improved earnings compared with a year earlier due to higher volumes and somewhat lower funding costs. The return on shareholders' equity was 9.98% (9.78).

Credit losses/Risk provisions

Credit losses amounted to SEK 1.8 M (1.5) and are fully attributable to credit card operations. The bulk of lending (89%) 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 increased slightly compared with at year-end 2004. At the time of reporting, the reserves totaled SEK 110.5 M, compared with SEK 109.0 M at year-end. Problem loans amounted to SEK 44.0 M (32.0), and pertain entirely to credit card operations.

Capital procurement

Our total borrowing on the market as of March 31 amounted to SEK 13.8 billion and unutilized credit facilities totaled SEK 12.3 billion.

Rating

Volvofinans has been issued with the following international credit ratings from Moody's Investor Service and Standard & Poor's:

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

Standard & Poor's, short-term financing: A-3
Standard & Poor's long-term financing: BBB

Volvofinans also has a rating of K-2 from Standard & Poor's for short-term borrowing in the Swedish commercial paper market.

On April 13, Standard & Poor's changed the outlook for the company's rating to negative, concurrently reducing the short-term international rating from A-2 to A-3. The long-term international and short-term domestic ratings were affirmed. The rating institute's action is related entirely to Standard & Poor's view of Ford's situation and does not in any way reflect development at Volvofinans.

Detailed analyses by the rating institutes 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	2005	Group	2005	Parent Company
	Jan - Mar	2004 Jan - Mar	Jan - Mar	2004 Jan - Mar
Interest income	154,390	168,868	131,159	149,520
Leasing income	559,651	575,526	559,651	575,526
Interest expense	- 134,965	- 172,157	- 133,617	- 170,542
Commission income	60,812	59,713	18,454	18,210
Commission expense	- 6,951	- 7,106	- 5,365	- 5,564
Total operating income	632,937	624,844	570,282	567,150
General administrative expenses	51,510	50,391	15,354	17,140
Depreciation of tangible assets	504,143	507,240	503,606	506,557
Other operating expenses	9,774	9,254	2,947	2,550
Total operating expenses	565,427	566,885	521,907	526,247
Income before credit losses	67,510	57,959	48,375	40,903
Credit losses, net	- 3,209	- 115	1,324	2,251
Income before appropriations and tax	64,301	57,844	49,699	43,154

BALANCE SHEET

Amounts in SEK 000s	2005	Group	2005	Parent Company
	Mar 31	2004 Mar 31	Mar 31	2004 Mar 31
Lending including leasing objects	24,269,659	23,911,613	22,813,246	22,383,357
Lending, Group companies	-	-	742,560	636,368
<u>Other assets</u>	<u>528,723</u>	<u>438,451</u>	<u>665,966</u>	<u>561,072</u>
Total assets	24,798,382	24,350,064	24,221,772	23,580,797
Borrowing	19,876,208	19,264,395	19,706,707	19,118,407
Other liabilities	1,223,307	1,509,271	841,676	911,557
Subordinated loan	876,800	976,800	876,800	976,800
Deferred tax	675,519	615,036	675,519	615,036
Shareholders' equity*	2,082,247	1,926,718	2,071,371	1,915,843
Income before appropriations and tax	64,301	57,844	49,699	43,154
Total liabilities and shareholders' equity	24,798,382	24,350,064	24,221,772	23,580,797

* including guarantee fund and 72% of untaxed reserves

KEY RATIOS

Group	2005 Jan - Mar	2004 Jan - Mar	2004 Jan - Dec
Return on shareholders' equity, %	9.98	9.78	10.53
Risk capital/total assets, %	14.81	14.69	14.16
Capital adequacy ratio, %	11.31	11.14	11.01
Tier 1 capital ratio, %	8.51	8.05	8.22
Loan losses as a percentage of lending, %	0.05	0.00	-
I/C ratio	1.98	1.95	2.06
I/C ratio excluding loan losses	2.08	1.95	1.96