

INTERIM REPORT

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

January 1 - September 30, 2004

Car sales

New car sales in Sweden declined 1.3%, compared with the corresponding period in the preceding year. A total of 192,495 cars were registered (195,075). Volvo and Renault's market share amounted to SEK 24.8% or 47,687 cars (46,925).

Truck sales amounted to 3,436 units (3,469) and Volvo's market share totaled 47% (51). The current order bookings indicate an annual volume of 4,500 units, compared with 4,718 in 2003.

Lending

Lending amounted to SEK 23.8 billion (23.5), an increase of SEK 0.3 billion, or 2%, compared with the year-earlier period. The truck share of lending amounted to SEK 4.4 billion (4.5), which is 18% (19) of the total lending volume.

Income

Income before appropriations and taxes amounted to SEK 192.1 M (178.0), an increase of 8% compared with the year-earlier period. The return on shareholders' equity was 10.68% (10.78). The interest-rate decline, which resulted in the historically low level of interest rates, impacted earnings adversely.

Credit losses / Risk provisions

Credit losses amounted to SEK 4.7 M (5.0) and are fully attributable to credit-card operations. Most of the lending (93%) pertains to our sales-financing, whereby 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 as a result of a changed percentage rate. At the time of reporting, reserves totaled SEK 114.9 M. At the beginning of the year, these amounted to SEK 127.1 M.

Problem credits totaled SEK 36.0 M (31.0), which only pertains to credit-card operations.

Capital procurement

Our total borrowing on the market as of September 30 amounted to SEK 13.6 billion and unutilized credit facilities totaled SEK 14.6 billion.

Rating

Volvofinans has been issued 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-2
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.

Detailed analyses by the rating institutes are available on our website: www.volvofinans.se.

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.

If any questions, contact President Mr Bert Björn, +46 31 83 88 00.

This report is unaudited.

CONSOLIDATED STATEMENT OF INCOME

Amounts in SEK 000s	Group		Parent Company	
	2004 Jan - Sept	2003 Jan - Sept	2004 Jan - Sept	2003 Jan - Sept
Interest income	476,198	579,122	412,751	527,057
Leasing income	1,726,049	1,832,728	1,726,049	1,832,728
Interest expenses	- 464,186	- 643,647	- 459,843	- 638,455
Commission income	182,682	174,101	53,687	51,991
Commission expenses	- 21,776	- 23,173	- 16,852	- 18,981
Total operating income	1,898,967	1,919,131	1,715,792	1,754,340
General administrative expenses	147,273	143,413	48,839	48,625
Depreciation of tangible assets	1,538,098	1,574,797	1,535,987	1,572,874
Other operating expenses	29,053	29,623	7,451	8,815
Total operating expenses	1,714,424	1,747,833	1,592,277	1,630,314
Income before credit losses	184,543	171,298	123,515	124,026
Credit losses, net	7,551	6,730	13,729	13,710
Income before appropriations and tax	192,094	178,028	137,244	137,736
Appropriations	-	-	- 110,369	- 113,153
Estimated tax	- 53,786	- 49,848	- 7,525	- 6,883
Net profit	138,308	128,180	19,350	17,700

CONSOLIDATED BALANCE SUMMARY

Amounts in SEK 000s	Group		Parent Company	
	2004 Sept 30	2003 Sept 30	2004 Sept 30	2003 Sept 30
Lending to credit institutions	166,256	291,216	166,256	291,216
Lending to the public	23,848,144	23,479,255	22,202,161	21,979,283
Lending, Group companies	-	-	716,214	790,775
<u>Other assets</u>	<u>504,136</u>	<u>385,363</u>	<u>623,064</u>	<u>487,058</u>
Total assets	24,518,536	24,155,834	23,707,695	23,548,332
Borrowing	19,342,397	19,094,642	19,205,286	18,969,023
Other liabilities	1,465,490	1,560,767	857,487	1,130,046
Subordinated loan	976,800	976,800	976,800	976,800
Deferred tax	615,036	560,114	615,036	560,114
Guarantee fund	200,000	200,000	200,000	200,000
Shareholders' equity*	1,726,719	1,585,483	1,715,842	1,574,613
Income before appropriations and taxes	192,094	178,028	137,244	137,736
Total liabilities and shareholders' equity	24,518,536	24,155,834	23,707,695	23,548,332

* 72% of untaxed reserves are included

KEY RATIOS

Group	2004 Jan - Sept	2003 Jan - Sept	2003 Jan - Dec
Return on shareholders' equity, %	10.68	10.78	10.42
Risk capital/total assets, %	15.13	14.49	14.09
Capital adequacy ratio, %	10.93	10.87	11.06
Primary capital relation, %	7.99	7.57	7.94
Loan losses as percentage of lending, %	-	-	-
I/C ratio	2.10	2.04	1.97
I/C ratio excluding loan losses	2.01	1.96	1.91

VOLVOFINANS

VOLVOFINANS

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

Bohusgatan 15, Box 198, SE-401 23 Göteborg, Sweden

Telephone +46 31 83 88 00 • Fax +46 31 16 26 32 • www.volvofinans.se