

## INTERIM REPORT

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

January 1 – March 31, 2004

**Car sales**

New car sales in Sweden declined by 7.4% compared with the year-earlier period. A total of 58,887 cars were registered (63,613). Volvo and Renault accounted for 25.4% of sales, or 14,939 cars (16,410).

Truck sales amounted to 1,085 units (1,045), of which Volvo's share was 48% (53). The current order bookings indicate an annual volume of 4,800 units, compared with 4,700 in the preceding year.

**Lending**

Lending to the public totaled SEK 23.8 billion (23.1), an increase of SEK 0.7 billion, or 3%, compared with the year-earlier period. Our sales financing and credit card operations are accelerating as planned, while inventory financing rose slightly compared with the preceding year.

**Income**

Income before appropriations and tax amounted to SEK 57.8 M (59.3), a decline of 3% compared with the preceding year. The slightly lower earnings are due primarily to falling interest rates. The return on shareholders' equity was 9.78% (10.77).

**Credit losses/Risk provisions**

Credit losses amounted to SEK 1.5 M (1.5) and are fully attributable to credit card operations. The bulk of lending (89%) concerns 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 slightly compared with at year-end 2003. At the time of reporting, the reserves totaled SEK 125.5 M, compared to SEK 127.1 M at year-end. Problem loans amounted to SEK 32.0 M (29.4), and pertain entirely to credit card operations.

**Capital procurement**

Our total borrowing on the market as of March 31 amounted to SEK 14.3 billion and unutilized credit facilities totaled SEK 14.3 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-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](http://www.volvofinans.se).

*If you have any questions, please contact our President Bert Björn on tel. +46 31-83 88 12.*

*This interim report is unaudited.*

## INCOME STATEMENT

Amounts in SEK 000s	2004	Group	2004	Parent Company
	2003	2003	2003	2003
	Jan - Mar	Jan - Mar	Jan - Mar	Jan - Mar
Interest income	168,868	207,861	149,520	191,009
Leasing income	575,526	603,225	575,526	603,225
Interest expense	- 172,157	- 234,484	- 170,542	- 232,691
Commission income	59,713	55,104	18,210	16,817
Commission expense	- 7,106	- 6,514	- 5,564	- 5,144
<b>Total operating income</b>	<b>624,844</b>	<b>625,192</b>	<b>567,150</b>	<b>573,216</b>
General administrative expenses	50,391	47,646	17,140	16,901
Depreciation of tangible assets	507,240	511,771	506,557	511,178
Other operating expenses	9,254	8,889	2,550	2,373
<b>Total operating expenses</b>	<b>566,885</b>	<b>568,306</b>	<b>526,247</b>	<b>530,452</b>
<b>Income before credit losses</b>	<b>57,959</b>	<b>56,886</b>	<b>40,903</b>	<b>42,764</b>
Credit losses, net	- 115	2,432	2,251	4,476
<b>Income before appropriations and tax</b>	<b>57,844</b>	<b>59,318</b>	<b>43,154</b>	<b>47,240</b>

## BALANCE SHEET

Amounts in SEK 000s	2004	Group	2004	Parent Company
	2003	2003	2003	2003
	Mar 31	Mar 31	Mar 31	Mar 31
Lending including leasing objects	23,911,613	24,240,008	22,383,357	22,827,933
Lending, Group companies	-	-	636,368	609,554
<b>Other assets</b>	<b>438,451</b>	<b>567,143</b>	<b>561,072</b>	<b>649,268</b>
<b>Total assets</b>	<b>24,350,064</b>	<b>24,807,151</b>	<b>23,580,797</b>	<b>24,086,755</b>
Borrowing	19,264,395	19,633,520	19,118,407	19,497,464
Other liabilities	1,509,271	1,791,917	911,557	1,230,525
Subordinated loan	976,800	976,800	976,800	976,800
Deferred tax	615,036	560,113	615,036	560,113
Shareholders' equity*	1,926,718	1,785,483	1,915,843	1,774,613
<b>Income before appropriations and tax</b>	<b>57,844</b>	<b>59,318</b>	<b>43,154</b>	<b>47,240</b>
<b>Total liabilities and shareholders' equity</b>	<b>24,350,064</b>	<b>24,807,151</b>	<b>23,580,797</b>	<b>24,086,755</b>

\* including guarantee fund and 72% of untaxed reserves

## KEY RATIOS

Group	2004	2003	2003
	Jan - Mar	Jan - Mar	Jan - Dec
Return on shareholders' equity, %	9.78	10.77	10.42
Risk capital/total assets, %	14.69	13.63	14.09
Capital adequacy ratio, %	11.14	11.00	11.06
Tier 1 capital ratio, %	8.05	7.58	7.94
Loan losses as a percentage of lending, %	0.00	0.00	0.00
I/C ratio	1.95	2.92	1.97
I/C ratio excluding loan losses	1.95	2.72	1.91