

VOLVOFINANS

Income before taxes for the 2002 financial year amounted to SEK 231.3 M.

The number of contracts at year-end amounted to 246,000, which was an increase of 3 %.

The total lending increased by 1 % in 2002 and amounted to SEK 23.7 billion at the year-end.

The capital base amounted to SEK 2,612 M.

The number of employees in the Volvofinans Group at year-end was 190.

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In the event of conflict in interpretation or differences between this annual report and the Swedish version, the latter will prevail.

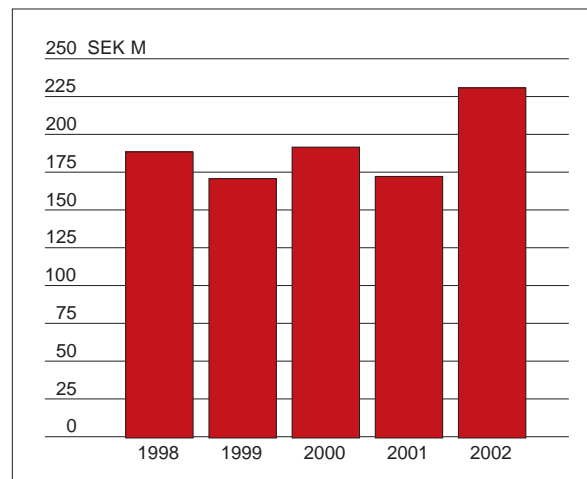
VOLVOFINANS 2002

It is with great pleasure and no little pride that Volvofinans presents its report for 2002, the best year in the company's forty-three-year history. During the year we had continued successes in all business areas, with the result that we further enlarged our customer base and our market shares. Another source of satisfaction during the year was the fact that we were designated "Finance Company of the Year" by ISI, an independent market research company. Volvofinans also received international recognition in the spring when we, as one of two European companies, were elected to the Balanced Scorecard "Hall of Fame" for having in a model way involved our employees in the company's strategy work by implementing a way of working based on a balanced Scorecard. For the first time in many years, a new brand name for gasoline – Tanka – was also introduced in the Swedish market. Tanka is the Volvo dealerships' own brand of fuel, and we, through our subsidiary Volvofinans Konto, are responsible for marketing and establishing the new brand.

Group profit amounted to SEK 231.3 M, an increase of not less than 33% compared with the preceding year and, of course, our best profit ever. The improvement in earnings was due to a combination of higher revenue, continued low credit losses and lower costs, which declined by 8% for the Group as a whole. The decreases in costs are in part a result of the IT investments that were made to improve the efficiency of our contract administration. The Volvo Card operations and the fleet business, in particular, showed the greatest improvements in profit compared with the preceding year.

Lending, which increased by a modest SEK 200 M, or 1%, amounted to SEK 23.7 billion. The number of contracts increased by 3% and amounted at year-end to 246,000, of which 26,500 pertained to the fleet business. The Volvo Card operation also continued to

Income before taxes



expand and now has nearly 600,000 customers who use the Volvo Card each month for purchases of motor fuel or for other car-related purchases.

Standard & Poor's has linked Volvofinans' credit rating strictly to Ford Motor Company and Ford Credit. As a result, Volvofinans' long-term credit rating was changed to "BBB" in October, based on the financial development in the Ford Group. The effect of this was that our domestic short-term rating was also changed, from K-1 to K-2. However, our core banks and our stable basis of investors in the marketplace have stated that the risks in Volvofinans have not increased and our borrowing has not been effected in a major way.

Sales of passenger cars in Sweden turned upward and 254,000 new vehicles, an increase of 3%, were registered. For Volvo and Renault the year was a successful one in which 67,500 new cars were registered, repre-

senting an increase to 26.6% of the total market. The Swedish Volvo Dealers also sold approximately 68,000 used passenger cars. Volvofinans financed 57% of all the new cars and 44% of the used cars, a continued high and stable level of activity.

The outlook for the haulage-contracting industry is beginning to look brighter, according to the annual survey conducted by the Swedish Association of Haulage Contractors, which is confirmed by the National Road Administrations long-term forecast indicating an increased need for transports by truck. The level of the total market has been high in recent years, amounting to around 5,000 new registrations per year. The total market for trucks over 7 tons declined to 4,700 units in 2002, a decrease of 6% compared with the preceding year. Volvo had a strong year and registered 2,200 vehicles, equal to 47% of the market. In the prestigious over-16-ton segment Volvo regained its leadership position during the year, with 1,909 registrations – evidence that customers approve of the new products that have been launched.

Volvofinans financed 53% of all new trucks and 62% of all used trucks, which means that we are continuing to maintain a high and stable level. During the year the close cooperation with Volvo Trucks and Volvo dealership network was focused on making the Truck Card even more attractive for haulage contractors. In the autumn of 2001 a joint-venture agreement was signed with IDS (International Diesel Service) whereby motor fuel – an important component – was added to the Truck Card effective in 2002, and this contributed substantially to a sharp increase in the number of cards.

The high percentage of financed vehicles generates a large number of new contracts to Volvofinans. During the year 83,500 new contracts were signed, an increase of 1.3% compared with the preceding years. Our core pro-



ducts – Volvo Car Loan, Volvo Car Leasing and Volvo Truck Loan – accounted for the greater part of the new signings, but an increased number of customers have also chosen Volvo Total Leasing, the most sophisticated product that includes everything except motor fuel. Our range of products was also expanded during the year with an Operational Leasing Concept, directed to large companies with mixed fleets, and by a Company Car concept, a product for companies that want to offer company cars to groups of their employees. Both concepts, which are strengthening Volvofinans' position in the market, were developed together with the Volvo dealership network and are based on new needs of our customers.

The Volvo Card is supported by two important business areas, both of which developed strongly during the

year. Sales of workshop services and sales in Volvo dealership service-station stores via the Volvo Card increased by 9.4% and, as a result of sales of motor fuel by Volvo dealerships and via OKQ8, the Volvo Card's share of the market now amounts close to 10%.

In 2001 Volvofinans Konto terminated its cooperation with Norsk Hydro, with a resulting decrease in volume. During 2002 Volvofinans Konto focused on recovering lost volumes of business, which has meant that the Volvo Card has recaptured its position in the market, with the same volumes it had before the change of its motor-fuel partner.

The build-up of the Volvo dealership Tanka fuel chain is proceeding according to plan and 117 stations were opened during the year. Within a few years the entire Volvo dealership network will be connected to Tanka,

which will offer substantial benefits of coordination and will sharply increase the strength of the common message being communicated.

During the year Volvofinans began a joint venture with the Volvia insurance company whereby in the near future all invoicing of Volvia's customers' insurance premiums will take place via the Volvo Card. The long-term objective is to make things easier for Volvo customers by making it possible to bring together all transport-related consumption charges on a single card and an account.

For the Volvo dealership network, with more than 200 facilities throughout Sweden, the past year was a successful one. The larger volume of sales and a substantial workload in the workshops contributed to the positive growth. As in the past, sales financing via Volvofinans and sales of gasoline attributable to the Volvo Card were important areas of business that contributed strongly to the success. Volvo dealership's total profit amounted to SEK 670 M and its equity capital also increased from SEK 3.0 billion to SEK 3.3 billion.

Volvofinans is well equipped to achieve continuing successes. We have a stable customer base in which more than 80% of the customers elect to sign new financing contracts with Volvofinans when buying a new car. This is an expression of confidence that we will continue to safeguard and develop in order to thereby continue to support Volvo's and Renault's sales.

Björn Ingemansson
President

CAR FINANCING

The Swedish Volvo dealers mainly operate in three sub-markets – consumer, corporate and fleet. The Swedish Volvo dealers hold a market-leading position in all three segments, in terms of both cars and soft offers.

Consumer financing

Consumer financing experienced a very high level of activity during the year. Volvofinans funded slightly more than 47% of all Volvo and Renault cars that were delivered to consumers in 2002. Approximately 44,000 consumer-financing deals were signed with the Swedish Volvo dealers. Volvo Car Loan and Renault Car Loan, whose chief objective is to facilitate car swaps, accounted for the bulk of these transactions. Through Volvo Car Loan and Renault Car Loan, we provide private persons the possibility of financing their car purchases at fixed or floating interest rate. Moreover, both Volvo Car Loan and Renault Car Loan offer a unique accident insurance.

Our assumption is that the car market will henceforth be characterized by campaigns and activities by car suppliers and their financing companies in a much wider scope than before. We also see clear signs that consumers are now more inclined to borrow money for car purchases. The trend is moving away from an owner-oriented to a more cash-flow oriented perspective.

Company financing

Competition in the corporate segment is stiffer than in the consumer segment. The market is well defined, with an extreme appetite for leasing because of the possibility of a 50-percent VAT (value added tax) deduction. Leasing currently finances about 85% of all Volvo/Renault cars that Swedish companies have in their fleet.

Volvofinans funded approximately 59% of new and second-hand Volvo and Renault cars that were delivered to companies in 2002. This means a total of about 24,000 leasing agreements with Swedish Volvo dealers last year. With the Volvofinans Car Leasing product, corporate customers are offered the possibility to link insurance via Volvia, are provided guarantee agreements with service and repair at a fixed monthly expense, and receive a Volvo Card that carries benefits such as discounts on fuel purchases.

The Swedish Volvo dealership network strengthened its position following the launch of the Volvo Total Leasing Product, a form of full-service leasing where customers are offered a fixed monthly cost that covers financing, insurance, service, repairs and fuel purchases.

Fleet financing

A growing number of companies demand a packaged financing and administration of their car fleet. The administration of car fleets has in the recent years become more complex, which is why only a few companies have the necessary expertise to handle it professionally. At Svensk Vagnparksfinans, a business area focused on major corporate clients, we assist companies in managing car expenses such as fuel costs, leasing fees, service, repair, tires, accessories, substitute cars, insurance, deductibles, tax and other purchases.



Aside from these services, Svensk Vagnparksfinans also helps order the customer's cars, control the price against the signed framework agreement, draw up car cost estimates and calculate potential wage deductions and taxable benefits for fuel and vehicle.

Today, we offer fleet customers five Internet-based services:

- AutoDisc
- Driving ledger
- Car bookings
- Meter reading
- Electronic driving ledger

During this financial year, Svensk Vagnparksfinans further strengthened its leadership within its market niche. At year-end, we had slightly more than 300 corporate customers, which means that we now manage around 27,000 vehicles in our administration system.

TRUCK FINANCING



There are approximately 68,000 trucks in the over 7-ton class in Sweden and Volvo has delivered around 48% of these. The total market in 2002 comprised approximately 4,700 vehicles sold via the dealer network, of which Volvo's market share amounted to 47%. The significance of the financial products in connection with the sales is becoming increasingly apparent amid the growing competition over truck customers.

Haulage industry

We divide the haulage industry into two main fields with specific needs:

Logistics providers/haulers - Owners of trucks who are in the business of selling transport and logistic services.

Producer/haulers - Operators of businesses other than trucking who use trucks only for the transport of their own produced and/or sold goods.

Both of these segments place unique demands on customer-adapted solutions, where Volvofinans is striving continuously to lead development.

Volvo TruckLoan

Volvo TruckLoan is the financing product that is used frequently by the Volvo dealerships and customers in Sweden. Of the vehicles sold in Sweden in 2002, 53% of the new units and 62% of all used vehicles were financed with a Volvo TruckLoan.

The customer borrows, using the vehicle as collateral, and handles the entire transaction directly through a Volvo dealer. The Volvo TruckLoan is linked to an official interest rate index, the STIBOR three-month (Stockholm Interbank Offered Rate) and the customer chooses a fixed or floating interest rate.

For the customer, the Volvo TruckLoan means:

- A loan with the truck as collateral.
- Extended credit periods.
- A fixed or floating interest rate with a cap.
- No charges.
- Credit for large, unexpected repairs.
- Job security insurance.
- Hospital-stay insurance, optional.

Volvo TruckLease

The Volvo TruckLease product comprises:

- Leasing financing.
- Guaranteed residual value.
- Truck insurance.
- Service charges.
- Repair costs.
- Tires, optional.
- Vehicle taxes, optional.

Volvo Truck Card

The Volvo dealerships have now been working with Volvo Truck Card for slightly more than three years. The card has been developed continuously and new services have been offered, which prompts a steady rise in the number of users. As of December 31, 2002, a total of 6,254 cards were in circulation, an increase of 56% from the preceding year. With the link to fuel purchases via IDS and investments by Volvo dealerships in truck washing facilities, we expect continued success in 2003. The long-term goal in 2005 is 15,000 Truck Cards.

The Volvo Truck Card currently offers the following main functions:

- Valid payment form for all sales in the Swedish Volvo dealership network.
- Valid payment internationally for Volvo Action Service.
- Option of 6-month installment payment for repairs and service.
- Payment of diesel fuel in cooperation with IDS stations in Sweden. Currently about 130 stations, of which 20 at Volvo dealerships.
- Expansion of truck washing facilities where the card is used for payment. Today, there are 13 completed facilities and an additional 10 will be added during 2003.
- With Volvia Truck insurance, the annual premium can be divided into monthly payments at no extra cost.
- An "own" website will be set up in spring 2003, www.volvolaastbilskort.se, where a total expense statement per card can be obtained.

THE VOLVO CARD

The Volvo Card is designed primarily to offer Volvo dealerships' customers convenient and economical car ownership.

For the Volvo dealerships and the Volvo brand, the Volvo Card with its high degree of penetration, and in offering a possible means for selective communication, represents an effective marketing tool, particularly useful in strengthening customer relations.

Years of considerable growth in acceptance and popularity among customers has given the Volvo Card a dominant position with regard to transport-related consumption, particularly in the consumer market. The



recent development of the Volvo dealerships' fuel business in cooperation with OKQ8 supports a steady increase in the corporate market as well.

Since the Volvo Card has turned out to be a master key to the customers' consumption of car related goods and services, it holds a central position in most of the service related marketing and sales activities at the Volvo

dealerships. The customer should be able to pay for everything that a car needs in the form of repairs and service, tyres, accessories and all other related costs such as fuel, insurance fees, parking, ferry tickets etc.

Focus is kept on continuous development of attractive customer benefit concepts. Freedom of choice is regarded essential to the customer, offering the alternatives of a payment card or a credit card to pay the bill in accordance with one's economic situation, directly or in installments.



During 2002, Volvofinans Konto together with Volvo Personbilar Sverige and the Volvo dealership organisation have developed a new combined sales and relations marketing tool – VolvoButiken –

for monthly customer contact. VolvoButiken, an 8–20 pages brochure printed in five selective editions following the different car models, is to be distributed together with the account statements, starting early in 2003.

An agreement with the Volvia insurance company to take over invoicing of more than 300.000 insurance clients will be carried out successively during 2003, that do not already pay their premiums with the Volvo Card. This will furthermore increase the potential of the Volvo Card.

At the end of 2002, Volvofinans Konto had over 600.000 active customers. The company sent out 6.9 million statements during the year. This is the most important and cost-effective information and sales channel for the Swedish Volvo dealership organisation. These mailings have the local Volvo dealer as the sender and he is the one who determines the content of the message, which is always well adapted to the particular customer and his/her particular car.



TANKA FUEL STATIONS

Following the decision to build a nationwide brand for the Volvo dealership's some 180 automatically operated fuel stations, a substantial effort was made during 2002 to communicate the brand values of Tanka on the Swedish consumer market.

Marketing activities in 2002 included some 70 local openings of re-profiled stations with the support of local print advertising and an ongoing series of commercial spots for national tv-advertising during the year. A new inter-



net site made fresh and updated information on the Tanka stations available to the consumer.

At the end of 2002, 120 Tanka stations had been redesigned with the new brand profile since the start at the beginning of 2001. Most of the remaining, still un-profiled stations will follow during the years 2003–04.

Strong communication of the Tanka brand's conceptual promise of a highly competitive fuel price, and the

cooperation with market-leader OKQ8, have strengthened the position of Volvofinans Konto and the Volvo Card on the Swedish fuel market. Volvo Card holders are offered the largest coverage of filling stations around Sweden, in total more than 1,200. A strongly competitive advantage which supports both card recruitment and an increasing market share.



THE SWEDISH VOLVO DEALERS



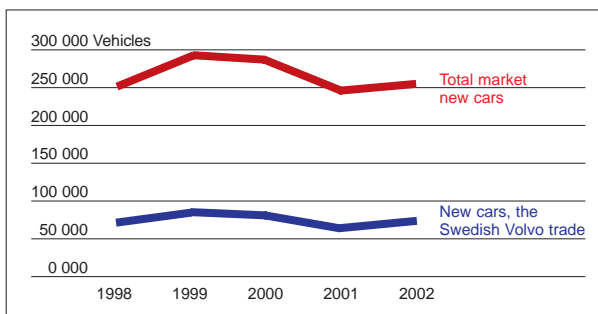
The Volvo dealers constitute the most comprehensive vehicle dealer network on the Swedish market. There are about 200 sales outlets with more than 8,800 employees.

The shareholders consist of 70 privately owned companies and the listed company Bilia AB. Bilia owns two corporate entities: one for cars and one for trucks, which represent about 40% of total Volvo sales in Sweden. The marketing and sales company for cars, Volvo Personbilar Sverige AB, has owner interest in one dealership. The Volvo dealers comprise a total of 41 shareholders/shareholder groups.

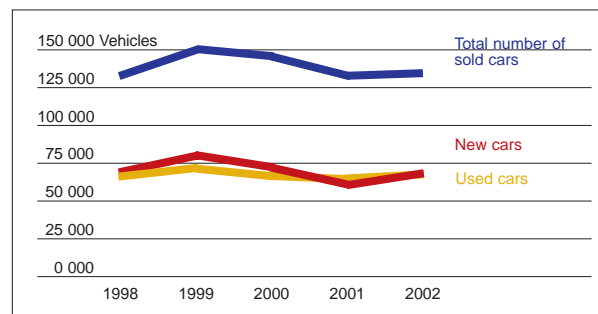
Operations are divided into a car sector and a truck sector, with 44 companies dealing entirely with cars. 22 companies deal exclusively with trucks and 7 work in both sectors.

*Bil-Månsson i Skåne AB
Eslöv*

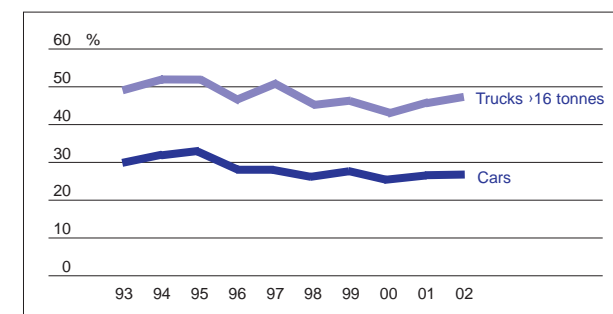
Car sales in Sweden



The Swedish Volvo dealer network, sales cars



The Swedish Volvo dealer network, market shares



In addition to Volvo products, the car dealerships also carry the Renault product range in Sweden, with a total market share just over 27%.

Volvo's market share for trucks over 7 tonnes is around 47% in Sweden.

Seen as a whole, the product range offered by the Volvo dealerships is one of the most comprehensive in the Swedish automotive business. A total of approximately 135,000 new and used cars and 3,200 trucks were delivered in 2002, corresponding to a total turnover of approximately SEK 30 billion.

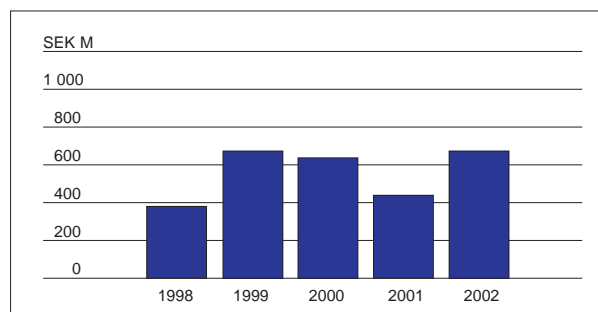
The availability of service facilities and parts outlets is very extensive. Wherever a Volvo customer is, whether he drives a car or a truck, he is never far from a Volvo facility. Every year, more than 4,000,000 workshop hours are sold at the Swedish Volvo dealerships. Parts operations correspond to an annual turnover of approximately SEK 4.0 billion.

The Swedish Volvo dealer network is also the market leader in the increasingly important software sector, which includes financing, credit cards and insurance. The customers can always purchase software services either individually or as a package, through just one contact with their Volvo dealer.

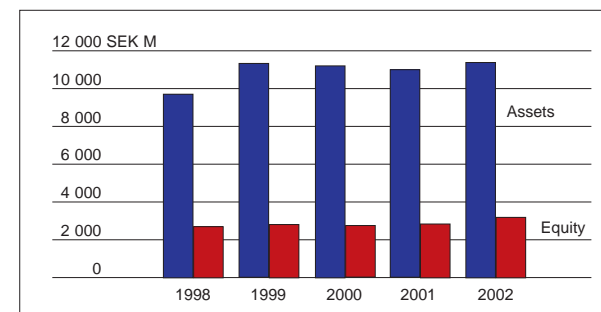
	1998	1999	2000	2001	2002
Balance summary (SEK M)					
Property & equipment	1,425	1,460	1,459	1,476	1,500
Leasing vehicles	2,505	2,645	2,764	2,765	2,800
Contractual receivables	1,062	1,067	652	684	700
Inventories	2,801	3,305	3,657	3,434	3,700
Other assets	2,101	2,962	2,767	2,719	2,750
Total assets	9,894	11,439	11,299	11,078	11,450
Equity and untaxed reserves	2,640	2,793	2,898	2,952	3,300
Long-term liabilities	2,855	2,817	3,066	2,989	3,000
Current liabilities	4,399	5,829	5,335	5,137	5,150
Total equity and liabilities	9,894	11,439	11,299	11,078	11,450
Loan and leasing with responsibility for recourse in the Volvofinans balance sheet	8,915	10,882	13,034	15,294	15,500
Adjusted balance	18,809	22,321	24,333	26,372	26,950
Sales and income (SEK M)					
Turnover	24,023	28,667	29,146	28,686	30,000
Net income	392	666	615	422	670
Key ratios (%)					
Return on shareholder equity	15	24	22	14	20
Return on total capital	6	8	7	6	8

Note: Certain figures for 2002 are taken from forecasts since final annual reports were not available from all dealerships at the time of publication. Earnings 2000, including items affecting comparability, SPP repayment SEK 264 M, Excluding this item, earnings were SEK 351 M.

The Swedish Volvo dealer network, net income



The Swedish Volvo dealer network, assets and equity



REPORT OF THE BOARD OF DIRECTORS

The Board of Directors and the President of AB Volvofinans hereby submit their annual report for the operations of the Parent Company and the Group for the 2002 financial year, the Company's 43rd year of operations.

Ownership

AB Volvofinans is 50% owned by Volvo's Swedish dealerships. In 2001 Ford acquired AB Volvo's 50% stake and administrate its ownership through Ford Credit International Inc., U.S. The Swedish Volvo dealers organize their ownership through AB Volverkinvest.

Primary task

Volvofinans' primary task has not been revised as a result of the change in ownership that took place in 2001. Instead, the shareholders have agreed to continue operations without changing direction. This means the business mission remains the same and, as in the past, our objective is namely to "support sales of Volvo and Renault products in the Swedish market." Basically, this means that Volvofinans' operations focus exclusively on the provision of credit for vehicles and vehicle-related equipment.

Corporate structure

AB Volvofinans, which is domiciled in Göteborg, is an authorized credit market company and the Parent Company of a Group with a credit market company as its subsidiary, Volvofinans Konto AB, which conducts credit card operations and administers and finances the Volvo Card, a charge and benefits card used in Volvo dealership operations.

Volvo Leasing AB, along with Volvo Car Corporation and Volvohandelns PV Försälnings AB jointly and equally own two limited partnership companies, one of which conducts commission sales in the Volvo dealerships in Sweden and the other leasing operations, primarily to companies in Volvo Car Corporation. Volvofinans IT AB conducts production and IT activities in connection with financial services for players within and outside the Volvo Group.

Autofinans Nordic AB and Automanagement AR AB are dormant companies.

Volumes/Lending

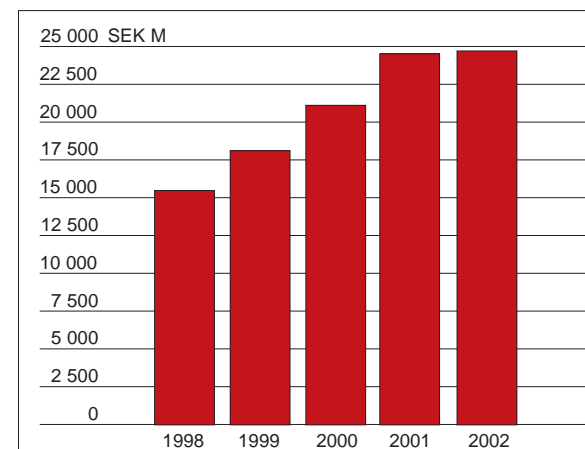
At year-end, the portfolio of loan and leasing contracts consisted of 219,500 contracts (213,500) up by 6,000 contracts, or 3%, from the preceding year. The trend in the portfolio is affected by the new-car market in Sweden for cars and trucks and by used-car sales conducted through the Volvo dealerships in Sweden. Volvofinans' market shares in the form of incoming contracts in relation to Volvo/Renault's sales of new cars and in relation to the sale of used cars through Volvo dealerships in Sweden are shown in the table below.

	1998	1999	2000	2001	2002
New cars, %	51	44	51	57	57
Used cars, %	47	45	44	45	44
New trucks, %	49	54	53	53	54
Used trucks, %	72	70	64	59	62

The weighted market shares for new and used vehicles combined amounted to 51% for cars and 56% for trucks in 2002.

Including leasing, Group lending at year-end totaled SEK 23.7 billion (23.5), up 1% compared with 2001.

Balance Sheet Total



Lending consisted primarily of leasing, loans, contract credits, dealer inventory credits and card-based credit. The share of lending by segment compared with the preceding year is shown in the following table:

	2002		2001		Change SEK billion
	SEK billion	%	SEK billion	%	
Sales-financing					
Cars	16.9	71	16.1	69	0.8
Trucks and buses	4.3	18	4.5	19	-0.2
Inventory credit	1.1	5	1.5	6	-0.4
Card credit	1.4	6	1.4	6	0.0
	23.7	100	23.5	100	0.2

The increase in lending related primarily to sales financing. Compared with the end of the preceding year, Volvo Billån (car loans), Volvo Billeasing (car leasing) and Volvo Lastbilsån (truck loans) increased by a total of SEK 0.5 billion, or 5%. Loans for leasing purposes increased by SEK 0.5 billion, or 7%. Contract loans,

whereby Volvo dealers are granted credit against collateral in the form of underlying loans or leasing contracts, remained unchanged compared with the preceding year.

Card credit rose marginally compared with the preceding year. Sales based on the Volvo Card during the year amounted to SEK 7.8 billion (7.4) and a total of 6.9 million invoices/account statements were produced for customers. Almost 22 million card sale transactions were made via the Volvo Card during 2002.

Income

Consolidated pretax profit amounted to SEK 231.3 million (174.4), up SEK 56.9 million, or 33%, from the preceding year. The sharp improvement in income is attributable mainly to improved margins on lending, increased commission revenue combined with lower overhead and, as previously, very low credit losses.

The Group's return on equity amounted to 11.56% (9.40), which is positive, since Volvofinans is again approaching its long-term target of 12.00%. The company, which is primarily a sales-support tool for the Swedish Volvo system, combines sales support with a required return of 12.00%.

Operating income increased as a result of higher lending volumes and contract and credit card volumes handled. Sales financing operations in the cars segment increased, whereas the truck portfolio decreased somewhat, as a result of the slight delay in Volvo's introduction of its new product program, which also impacted the inflow of contracts. It is expected that the inflow will be normalized as early as in the first half of 2003.

Market interest rates rose during the first half of the year, to decline again after the summer. The interest-rate slide brought on by the two interest-rate cuts implemented by the Swedish Central Bank at year-end was more rapid than expected. Standard & Poor's downgrading of Volvofinans resulted in a somewhat higher borrowing cost during the second half of the year, which was partly offset by the margins on lending, which increased somewhat during the year.

Operating expenses declined by 8%, due mainly to the less intense rate of development in terms of the Group's IT support, compared with the major projects implemented in the preceding year. Increased cost controls have also produced the intended effect. As a result, costs associated with contracts handled and credit cards are again very low.

Depreciation of fixed assets related mainly to the depreciation of leasing items. These were affected by the sharp increase in leasing volumes and with the rate of depreciation for items, which is based on the contractual residual value at the end of leasing period.

Credit losses, which amounted to SEK 12.1 million (13.9), declined somewhat compared with the preceding year. Credit losses comprise SEK 6.8 million in realized losses and SEK 5.3 million in risk provisions. The latter portion takes the form of provisions to what are referred to as Group-based reserves in relation to lending volume. These have moved in line with the rise in lending, but are not reflected in any real increased credit risk. As previously, the SEK 6.8 million realized losses pertain only to the credit-card operations.

Credit risks and credit losses

Volvofinans' lending primarily comprises vehicle financing. Loans and leasing credits, with underlying contracts and vehicles as collateral, account for 89% of total lending. The contracts provide collateral for the loans which the dealers or their customers receive from Volvofinans. In the case of contracts entered into directly with end customers, recourse can be made to the dealer, or to the company issuing the general agreement, which bears the ultimate credit risk in relation to the end customer.

In order for a loss to arise for Volvofinans as a result of these contracts, the following circumstances have to occur:

1. The end customer suspends payments.
2. The dealership or general agreement customer suspends payments.
3. The market value of the repossessed vehicle is less than the residual value shown in the contract.

An analysis is made of the market value of the contract portfolio and a Group-based provision is made to cover differences between the residual debt and the actual market value of the vehicles.

As at December 31, 2002, the contracts were distributed as follows:

	Number of Contracts	Average contract SEK T	Collateral value SEK M	Utilized credits SEK M	Average %
Loans	139,395	89	12,369	11,625	94
Leasing	80,060	144	11,585	9,733	84
Total	219,455	109	23,954	21,358	89

At year-end, the value of the unutilized portion of existing contracts was SEK 2.6 billion.

Inventory financing requiring 100% collateral accounts for 5% of the total loans outstanding and is secured through chattel mortgages, or through the unutilized portion of the contract portfolio or securities.

The value of the credit card receivables, which amounts to SEK 1.4 billion of the Group's lending, is reported after the writedown of doubtful receivables and after a general risk provision. The provision amounts to 2.1% of the value of the receivable. Risk exposure in relation to private individuals is minimized through low average debt levels. The average liability per active credit card was SEK 2,830 at year-end.

The trend in problem credits, that is, debt collection receivables that have not been written off, in the Volvo Card portfolio has not increased but has remained at the earlier level. At year-end, problem credits amounted to SEK 28.6 million (2.0% of credit card lending), compared with SEK 27.9 million (2.0%) in the preceding year.

Volvo Card credits are the only problem credit carried by the Group at year-end, and amounted to 0.1% of the Group's lending.

Capital procurement

In accordance with the Group finance policy, the main objectives of Volvofinans' capital procurement activities are:

- To secure access to the necessary loan financing
- To ensure that borrowing is undertaken on the best possible terms
- To ensure that interest periods for borrowing largely correspond to those for lending

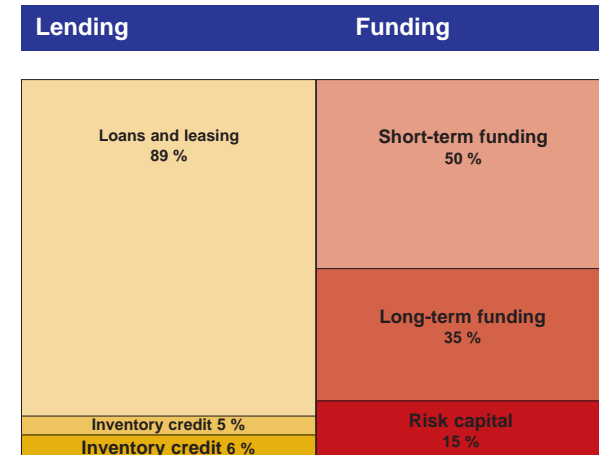
Volvofinans' financing framework and borrowing potential and the extent to which these facilities had been utilized at December 31, 2002 are shown in the following table:

	Limit SEK M	Utilized SEK M
Nordic Commercial Paper Program	15,000	7,704
Euro Commercial Paper Program	4,571	294
MTN Program	6,000	2,945
Euro FRN	365	365
Short-term financing framework via banks	9,275	1,744
Long-term financing framework via banks	10,584	6,534
Short-term financing framework via Ford	2,000	0
Other borrowing	351	351
Risk capital	3,394	3,394
	51,540	23,331

Under the Volvofinans Nordic Commercial paper program, with a limit amount of SEK 15 billion, we are not only able to issue in Swedish kronor but also in Euro, Norwegian and Danish kroner. The program has a short-term rating, K-2 (domestic) and A-2 (international) and the issues are arranged by SEB, Handelsbanken, FöreningsSparbanken, Nordea and Danske Bank. During the year, securities were issued at a value of SEK 35.6 billion. The average amount per issue at year-end was SEK 58 million. The program is registered on Stockholmsbörsen AB (Stockholm Exchange).

In April, Volvofinans introduced a new borrowing program for short-term financing – a Euro Commercial Paper program (ECP) with a limit value of EUR 500 million. Under this program, apart from Euro the company may borrow in, US Dollars, Sterling, Swiss Franc or other currency by agreement. The program has an A-2 rating, and issues are provided through SEB and Crédit Suisse First Boston. During the year SEK 2.7 billion worth of commercial paper was issued in Euro, US Dollar and Swedish kronor.

The Volvofinans bond program (MTN), with a limit amount of SEK 6 billion and the possibility to also issue in Euro, had an outstanding volume at year-end of SEK



2.9 billion. The bonds are issued with either fixed or floating interest rates with maturities of up to five years. During 2002, the total bonds issued amounted to SEK 700 million.

In addition to the MTN program, in November Volvofinans issued a bond totaling EUR 40 million, an issue directed mainly at Finnish investors. The loan carries floating interest and matures in five years.

During the year, bank loans of SEK 400 million were taken up. Loan maturity is up to five years.

At the end of May, we negotiated with 13 European banks concerning a new syndicated credit facility of SEK 5 billion. The syndicate is headed by Danske Bank and Nordea, and its co-arrangers include FöreningsSparbanken, Handelsbanken, Norddeutsche Landesbank and SEB. The facility consists of a five-year tranche of SEK 3 billion and a 364-day tranche of SEK 2 billion.

The maturity structure for the Group's total financing at December 31, 2002 is shown in the following table.

	SEK M	%
Within 1 year	11,520	49
1–3 year	6,010	26
3–5 year	2,707	12
Over 5 year	927	4
Shareholders equity (incl. tax portion in untaxed reserves)	2,167	9
	23,331	100

Liquidity risk

Liquidity risk arises when lending and borrowing have different maturities. When the lending is longer than the borrowing, refinancing is required several times during the term of the loan. If the refinancing requirement on a given day is substantial or if the capital market lacks liquidity, problems may arise. Volvofinans limits this risk, among other things by stipulating in its finance policy that:

- Back-up facilities shall cover the entire outstanding amount of commercial papers. The unutilized portion at year-end amounted to SEK 13.6 billion.
- The portion of long-term borrowing and risk capital should be not less than 35% of the total financing requirement.
- Loans due in any individual week must not exceed 25% of the unutilized back-up facilities.

Interest-rate risk

An interest-rate risk arises as a result of the fixed interest rate periods and/or the interest bases for lending and borrowing failing to coincide. The majority of Volvofinans' credits to the Volvo dealership or its customers follow short-term interest rates up and down. This means that there is no major interest-rate risk since even borrowing is linked to the short-term interest rate.

For fixed-interest rate credits or credits with an interest rate cap, preferably interest rate swaps and caps – are

used. The exact risk exposure for such credits is calculated on an ongoing basis and covered.

Volvofinans' interest rate sensitivity, calculated in accordance with the Financial Supervisory Authority's guidelines, was SEK 39.7 million at year-end, or 1.8% of equity. This figure represents the reduction in net interest income that would occur in conjunction with a hypothetical decline of one percentage unit in all market interest rates.

Currency risk

Volvofinans' lending and borrowing normally takes place in Swedish kronor, which means that Volvofinans is not exposed to fluctuations in exchange rates. In cases where financing in foreign currencies offers benefits, the risk is to be eliminated via interest and currency swap agreements or similar instruments. In cases where lending is in foreign currency, the currency risk is to be born by another party.

Capital base and capital adequacy

The Group's capital base at year-end 2002 amounted to SEK 2,612 million (2,437), while the capital adequacy ratio was 10.87% (10.17). Core capital amounted to SEK 1,785 million (1,640), and the core capital ratio was 7.43% (6.84). The current capital adequacy situation, in excess of the legal requirement of 8%, allows a credit expansion of SEK 8.6 billion.

The Parent Company's capital base on the same date was SEK 2,601 million (2,427) and the capital adequacy ratio was 11.54% (10.76). Capital bases and risk-weighted assets are shown on page 53.

The capital adequacy ratio for Volvofinans Konto AB at year-end 2002 amounted to 9.04% (9.37).

Rating

As a result of the change in ownership, Volvofinans has since June 2001 an international credit rating from Standard & Poor's for long-term borrowing. Standard & Poor's elected to link Volvofinans' rating to Ford Motor Co. On October 28, the long-term borrowing credit rating for Ford, and hence for Volvofinans as well, changed to BBB, with the indication "Negative Outlook". Simultaneously, the rating for short-term international borrowing was confirmed unchanged at A-2.

The short-term domestic rating for borrowing on the Swedish commercial paper market has been K-1 since 1988. This domestic rating was also downgraded, in conjunction with the downgrading of the long-term credit rating, to K-2.

In its press release on October 28, Standard & Poor's pointed out that the rating change was unrelated to the development of the Volvofinans operations, but rather due entirely to the development of the Ford Group.

Personnel

At year-end 2002, the Volvofinans Group had 190 employees, of whom 171 in Göteborg. The remainder were employed at the Bromma office.

Of the 190 employees, 81 were employed in the Parent Company, AB Volvofinans, 76 in Volvofinans Konto AB and 33 in Volvofinans IT AB.

For information concerning salaries and remuneration, etc, see Note 6.

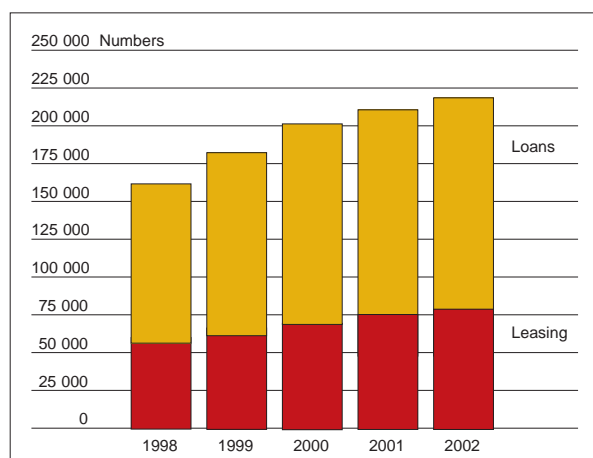
For other information concerning the results and financial position in other respects of AB Volvofinans and the Group, please refer to the following statements of income, balance sheets and statements of changes in financial position.

FIVE-YEAR SUMMARY

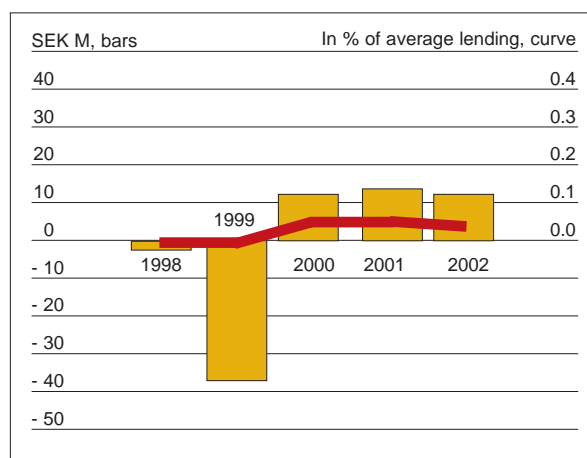
Amount in SEK M

	VOLVOFINANS GROUP					AB VOLVOFINANS				
	1998	1999	2000	2001	2002	1998	1999	2000	2001	2002
Balance sheet summary										
Lending to credit institutions	196	174	250	353	443	196	174	250	354	443
Lending to public	10,179	12,273	14,292	15,733	15,347	9,101	11,081	12,970	14,369	13,947
Lending, Group companies	–	–	–	–	–	604	601	760	787	739
Tangible assets	4,920	5,111	6,616	7,797	8,312	4,920	5,111	6,616	7,797	8,312
Shares & share certificates in Group & associated companies	–	–	–	–	–	175	175	175	175	175
Other assets	366	549	698	751	664	335	495	644	685	583
Total assets	15,661	18,107	21,856	24,634	24,766	15,331	17,637	21,415	24,167	24,199
Borrowing	12,299	14,449	17,678	20,144	19,873	12,239	14,383	17,583	20,027	19,743
Other liabilities	1,144	1,299	1,338	1,400	1,499	878	898	995	1,061	1,073
Tax liability in untaxed reserves	377	419	466	504	560	377	419	466	504	560
Subordinated liabilities	518	508	821	925	1,027	518	508	821	925	1,027
Guarantee fund loan	200	200	200	200	200	200	200	200	200	200
Shareholders' equity	1,123	1,232	1,353	1,461	1,607	1,119	1,229	1,350	1,450	1,596
Total liabilities, allocations and shareholders' equity	15,661	18,107	21,856	24,634	24,766	15,331	17,637	21,415	24,167	24,199

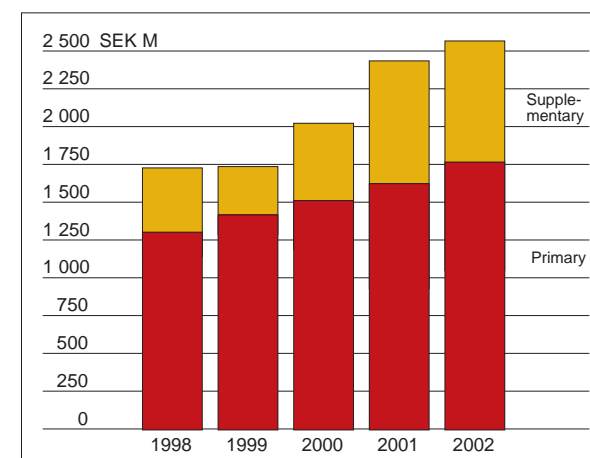
Contract Stocks



Credit Losses



Capital Base



FIVE-YEAR SUMMARY

	VOLVOFINANS GROUP					AB VOLVOFINANS				
	1998	1999	2000	2001	2002	1998	1999	2000	2001	2002
Income statement summary										
Interest income	612	564	772	786	848	567	517	717	735	791
Net leasing	216	172	229	320	370	216	172	229	320	370
Interest expenses	- 616	- 543	- 773	- 852	- 936	- 611	- 539	- 768	- 846	- 930
Commission income	159	163	185	200	216	59	64	77	60	62
Commission expenses	- 8	- 12	- 12	- 18	- 25	- 5	- 9	- 9	- 13	- 19
Total income	363	344	401	436	473	226	205	246	256	274
General administrative expenses	149	177	177	208	185	70	72	77	64	66
Other operating expenses	29	32	22	40	45	15	15	15	16	16
Credit losses net	- 3	- 37	12	14	12	1	- 15	-	5	3
Total expenses	175	172	211	262	242	86	72	92	85	85
Income before taxes	188	172	190	174	231	140	133	154	171	189
Net profit*	135	124	137	125	166	101	96	111	123	136
Key ratios										
Return on shareholders' equity %	13.70	11.22	11.28	9.40	11.56	10.29	8.71	9.15	9.23	9.53
Risk capital/total assets. %	14.17	13.04	12.99	12.54	13.70	14.44	13.36	13.24	12.74	13.98
Capital adequacy ratio %	11.42	9.86	9.82	10.17	10.87	12.29	10.58	10.49	10.76	11.54
Core capital ratio. %	8.57	7.98	7.25	6.84	7.43	9.21	8.56	7.74	7.23	7.87
Net interest/ø lending %	1.50	1.18	1.18	1.13	1.17	1.26	0.95	0.95	0.95	1.09
Credit losses/ø lending %	-	-	0.06	0.06	0.05	0.01	-	-	0.03	0.01
Operating expenses/ø lending %	1.24	1.04	1.18	1.16	1.01	0.63	0.45	0.50	0.39	0.36
I/E-ratio	2.07	2.01	1.90	1.67	1.96	2.62	2.85	2.65	3.00	3.24
I/E-ratio excl credit losses	2.04	1.65	2.02	1.76	2.06	2.66	2.35	2.64	3.21	3.35
I/E-ratio excl net interest and credit losses	0.85	0.72	0.87	0.73	0.83	0.64	0.63	0.73	0.59	0.24
Average number of employees	147	158	165	180	183	74	79	80	78	80

For definitions of key ratios, see Accounting Principles.

*Net profit refers to profit after standard tax.

CONSOLIDATED STATEMENT OF INCOME

Volvofinans Group

Amount in SEK T

	2002	2001
<i>Operating income</i>		
Interest income, NOTE 1	848,226	786,288
Leasing income, NOTE 2	2,263,314	1,931,171
Interest expenses, NOTE 3	- 936,364	- 851,850
Dividends received, NOTE 4	458	86
Commission income, NOTE 5	216,163	200,337
Commission expenses, NOTE 5	- 24,522	- 17,995
Total income	2,367,275	2,048,037
<i>Operating expenses</i>		
General administrative expenses, NOTE 6	185,398	207,839
Depreciation of tangible fixed assets, NOTE 7	1,896,999	1,614,688
Other operating expenses, NOTE 8	41,450	37,195
Total expenses	2,123,847	1,859,722
Income before credit losses	243,428	188,315
Credit losses net, NOTE 9	- 12,115	- 13,956
Income before taxes	231,313	174,359
Taxes, NOTE 11	- 64,953	- 48,701
Net profit for the year	166,360	125,658

CONSOLIDATED BALANCE SHEET

Volvofinans Group

Amount in SEK T

	2002 December 31	2001 December 31		2002 December 31	2001 December 31
ASSETS			LIABILITIES, PROVISIONS AND SHAREHOLDER'S EQUITY		
Cash	8	4	Liabilities to credit institutions	8,276,500	4,499,631
Lending to credit institutions	443,520	352,781	Funding from public, NOTE 18	330,430	381,375
Lending to public, NOTE 13	15,346,775	15,733,106	Securities issued	11,266,466	15,262,739
Shares and participations in associated companies, NOTE 14	3,682	3,224	Other liabilities, NOTE 19	879,978	831,864
Tangible assets, NOTE 13, 16	8,319,491	7,806,187	Accrued expenses and prepaid income	620,468	569,183
Other assets, NOTE 17	561,309	662,753	Subordinated liabilities, NOTE 20	1,026,800	924,925
Prepaid expenses and accrued income	92,953	76,065	Tax portion in untaxed reserves, NOTE 23	560,113	503,780
			Total liabilities and provisions	22,960,755	22,973,497
			Guarantee fund loan, NOTE 21	200,000	200,000
			Shareholders' equity, NOTE 24		
			<i>Restricted shareholders' equity:</i>		
			Share capital, 1,000,000 shares, nom value SEK 100	100,000	100,000
			Restricted reserves	23,000	23,000
			Equity in untaxed reserves, NOTE 23	1,440,292	1,295,436
			<i>Unrestricted shareholders' equity:</i>	1,563,292	1,418,436
			Profit brought forward	- 122,669	- 83,471
			Net profit for the year	166,360	125,658
				43,691	42,187
			Total shareholders' equity	1,606,983	1,460,623
Total assets	24,767,738	24,634,120	Total liabilities, provisions and shareholders' equity	24,767,738	24,634,120
Assets pledged	—	—	Contingent liabilities	—	—
Outstanding limits	31,143,431	30,641,137			

INCOME STATEMENT

AB Volvofinans

Amount in SEK T

	2002	2001
<i>Operating income</i>		
Interest income, NOTE 1	790,615	735,004
Leasing income, NOTE 2	2,263,314	1,931,171
Interest expenses, NOTE 3	- 929,516	- 845,879
Commission income, NOTE 5	62,378	60,068
Commission expenses, NOTE 5	- 19,090	- 12,844
Total income	2,167,701	1,867,520
<i>Operating expenses</i>		
General administrative expenses, NOTE 6	66,005	64,310
Depreciation of tangible fixed assets, NOTE 7	1,894,422	1,612,235
Other operating expenses, NOTE 8	15,143	14,731
Total expenses	1,975,570	1,691,276
Income before credit losses	192,131	176,244
Credit losses net, NOTE 9	- 2,847	- 5,550
Operating income	189,284	170,694
Appropriations, NOTE 10	- 201,189	- 136,511
Income before taxes	- 11,905	34,183
Taxes, NOTE 11	3,216	- 9,659
Net profit for the year	- 8,689	24,524

BALANCE SHEET

AB Volvofinans

Amount in SEK T

	2002 December 31	2001 December 31		2002 December 31	2001 December 31
ASSETS			LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY		
Cash	7	4	Liabilities to credit institutions	8,276,500	4,499,631
Lending to credit institutions, NOTE 12	1,182,142	1,140,232	Borrowing from public, NOTE 18	199,863	264,646
Lending to public, NOTE 13	13,946,618	14,369,329	Securities issued	11,266,466	15,262,739
Shares and participations in associated companies, NOTE 14	1,000	1,000	Other liabilities, NOTE 19	477,329	518,497
Shares and participations in Group companies, NOTE 15	173,740	173,740	Accrued expenses and prepaid income	596,199	542,969
Tangible assets, NOTE 13, 16	8,313,332	7,799,138	Subordinated liabilities, NOTE 20	1,026,800	924,925
Other assets, NOTE 17	495,817	611,727	Total liabilities and provisions	21,843,157	22,013,407
Prepaid expenses and accrued income	86,727	71,774	Guarantee fund loan, NOTE 21	200,000	200,000
			Untaxed reserves, NOTE 22	2,000,405	1,799,216
			Shareholders' equity, NOTE 24		
			<i>Restricted shareholders' equity:</i>		
			Share capital, 1,000,000 shares, nom value SEK 100	100,000	100,000
			Legal reserve	20,000	20,000
				120,000	120,000
			<i>Unrestricted shareholders' equity:</i>		
			Profit brought forward	44,510	9,797
			Net profit for the year	- 8,689	24,524
				35,821	34,321
			Total shareholders' equity	155,821	154,321
Total assets	24,199,383	24,166,944	Total liabilities, provisions and shareholders' equity	24,199,383	24,166,944
Assets pledged	-	-	Contingent liabilities	-	-
Outstanding limits	22,588,552	22,498,293			

CASH FLOW STATEMENT

Amount in SEK T

	VOLVOFINANS GROUP		AB VOLVOFINANS	
	2002	2001	2002	2001
ONGOING OPERATIONS				
Operating income	231,313	174,359	189,284	170,694
Depreciation	1,896,999	1,614,688	1,894,422	1,612,235
Taxes paid	- 8,620	- 10,478	- 8,524	- 7,900
<i>Changes in operating assets and liabilities</i>				
Lending to credit institutions	- 90,739	- 102,406	- 41,910	- 129,823
Lending to general public	386,331	- 1,441,257	422,711	- 1,399,824
Other assets	84,556	- 51,370	100,957	- 43,054
Liabilities, credit institutions	3,776,869	784,529	3,776,869	784,558
Funding from general public	- 50,945	26,823	- 64,783	4,674
Securities issued	- 3,996,273	1,654,319	- 3,996,273	1,654,319
Other liabilities	99,399	62,737	12,062	65,773
Cash flow generated from ongoing operations	2,328,890	2,711,943	2,284,815	2,711,652
INVESTMENT OPERATIONS				
Changes in shares and participations	- 458	- 1,086	-	-
Changes in tangible fixed assets	- 2,410,303	- 2,796,660	- 2,408,616	- 2,791,169
Cash flow from investment operations	- 2,410,761	- 2,797,746	- 2,408,616	- 2,791,169
FINANCING OPERATIONS				
Debenture loan	101,875	104,000	101,875	104,000
Dividend paid	- 20,000	- 18,200	- 20,000	- 18,200
Group contribution	-	-	41,929	- 6,283
Cash flow from financing operations	81,875	85,800	123,804	79,517
Cash flow for the year	4	- 3	3	0
Liquid funds, January 1	4	7	4	4
Cash flow generated from ongoing operations	2,328,890	2,711,943	2,284,815	2,711,652
Cash flow generated from investment operations	- 2,410,761	- 2,797,746	- 2,408,616	- 2,791,169
Cash flow generated from financing operations	81,875	85,800	123,804	79,517
Liquid funds, December 31	8	4	7	4

ACCOUNTING PRINCIPLES

NOTES

Notes to the statements of income and balance sheets of the Volvofinans Group and AB Volvofinans.
AB Volvofinans and the Volvofinans Group operate exclusively in the Swedish market.

Amount in SEK T

General

The Annual Report has been prepared in accordance with the Swedish Annual Accounts Act (1995:1559) for credit institutes and securities companies. The regulations of the Financial Supervisory Authority (FFFS 2001:19) have been taken into account. For comparability between the years, the figures for the preceding year were adjusted unless otherwise indicated.

Consolidated accounts

The consolidated accounts include the financial statements for the Parent Company and all subsidiaries in which AB Volvofinans holds more than 50% of the voting rights associated with the shares. The consolidated financial statements have been prepared pursuant to the principles stated in the Swedish Financial Accounting Standards Council's recommendation RR01. Acquisition of companies is shown according to the purchase method.

Definitions of key ratios in five-year summaries

Return on shareholders' equity:

Net profit after standard tax (28%) as a proportion of average equity adjusted for dividends. For the Parent Company, equity is calculated according to standard tax (28%) on untaxed reserves.

Risk capital:

Group

Equity, guarantee fund, debenture loans and tax liability in untaxed reserves.

Parent Company

Equity, guarantee fund, debenture loans and untaxed reserves.

Ø Lending:

Average of previous and present years lending and leasing equipment.

I/E ratio:

Operating income with deduction for depreciation on leasing items in relation to operating expenses.

Capital adequacy ratio and core capital ratio:

For definition and calculation, see pages 53.

Statement of income

	Group		Parent Company	
	2002	2001	2002	2001
1. Interest income				
<i>Interest income</i>				
Lending, credit institutions	2,128	510	90,757	90,819
Lending, public	846,020	785,778	699,780	644,185
Interest-bearing securities	78	-	78	-
Other interest income	106,086	77,190	106,086	77,190
Total	848,226	786,288	790,615	735,004

Of interest income for the Parent Company, 88,629 (90,699) consists of interest from subsidiaries.

	2002	2001	2002	2001
Average interest rates on lending (inc, leasing)	5.37%	5.18%	5.16%	4.97%

Net interest income/expens

Interest income	848,226	786,288	790,615	735,004
Leasing income	2,263,314	1,931,171	2,263,314	1,931,171
Interest expense	- 936,364	- 851,850	- 929,516	- 845,879
Depreciation				
acc, to plan	- 1,893,737	- 1,611,472	- 1,893,737	- 1,611,472
Total	281,439	254,137	230,676	208,824

2. Leasing income

Leasing income	2,263,314	1,931,171	2,263,314	1,931,171
Depreciation				
acc, to plan	- 1,893,737	- 1,611,472	- 1,893,737	- 1,611,472
Total	369,577	319,699	369,577	319,699

The depreciation of leasing items is mainly calculated in accordance with the annuity method and is based on the item's acquisition value and the agreed residual values at the end of the leasing period.

For average interest rates on lending see Note 1.

3. Interest expenses

Liability, credit institutions	204,527	182,045	204,527	182,045
Borrowing, public	46,268	42,191	39,420	36,220
Interest-bearing securities	617,065	573,138	617,065	573,138
Subordinated liabilities	68,504	54,476	68,504	54,476
Total	936,364	851,850	929,516	845,879

4. Dividends received

Dividends, associated companies	458	86	-	-
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5. Servicing income and expenses

	2002	2001	2002	2001
<i>Servicing income</i>				
Other commission	216,163	200,337	62,378	60,068
<i>Servicing expenses</i>				
Payment arrangement commission	- 24,511	- 17,976	- 19,079	- 12,825
Other commission	- 11	- 19	- 11	- 19
	- 24,522	- 17,995	- 19,090	- 12,844

6. General administrative expenses

Personnel costs are included as follows

Salaries and remunerations	56,144	51,299	26,515	24,587
Whereof to Board and President	2,679	3,385	1,670	1,712
Payroll overheads	31,333	29,707	16,660	15,285
Whereof pensions to Board and President	566	726	285	290
Average number of employees	183	180	80	78
whereof women	121	119	49	49
Hours worked	286,203	287,598	125,518	125,128

Salaries include profit-related bonus to the President amounting to 229 (333). Payroll overheads for the Group include pension expense amounting to 6,523 (5,909) and social insurance fees amounting to 18,974 (17,672). The corresponding figures for AB Volvofinans are 3,517 (3,153) and 9,165 (8,437) respectively.

An agreement exists with the President for 12 month's severance pay. Lending to the Board and leading executives in the group amounts to 876 (988).

Fees payable to the auditors, KPMG, are included amounting to 1,259 (1,752) for the Group, whereof 501 (447) for assignments over and above the audit assignment. The corresponding figures for AB Volvofinans are 636 (911) and 230 (139), respectively. Fees paid to PricewaterhouseCoopers are included in an amount of 50 (25).

NOTES

Group		Parent Company		Group		Parent Company	
2002	2001	2002	2001	2002	2001	2002	2001

7. Depreciation of tangible fixed assets

Leasing items	1,893,737	1,611,472	1,893,737	1,611,472
Equipment	3,262	3,216	685	763
	1,896,999	1,614,688	1,894,422	1,612,235

Depreciation of leasing equipment is primarily calculated according to the annuity method on the basis of the acquisition value of the equipment and the contractual residual value at the end of the leasing period.

Depreciation of equipment is calculated according to the acquisition value of the equipment and the estimated economic life. Depreciation according to plan corresponds to 20% per year.

8. Other operating expenses

Other operating expenses include marketing costs for the Group 37,431 (33,201) and for the Parent Company 12,962 (12,827).

9. Credit losses, net

Valuation of loan receivables and leasing equipment in terms of credit risk has been conducted in accordance with the regulations of the Financial Supervisory Authority.

A confirmed credit loss is a loss whose extent has been determined or is extremely likely as a result of a receiver in bankruptcy having submitted an estimate of payment from bankruptcy, a composition proposal having been adopted or the claim having been conceded in some other manner.

A credit risk reservation is made in the case of anticipated credit losses. For loans and leasing credits with underlying contract and equipment as collateral, the size of the risk reserve is based primarily on a batch valuation of the claims on the basis of historical statistics from the automotive trade with respect to profit trends and loss levels in conjunction with credit sales of new and used vehicles.

Since the company's ultimate guarantee consists of vehicles, it is the market value thereof, the assessment of market outlook and the borrowers' potential repayment capability that are also crucial factors determining the magnitude of risk provision.

For credit card receivables, in addition to reservation for receivables more than sixty days over due, a general batch reservation is also carried out at 2.15% of the value of the ledger based, on statistics from previous years.

For other receivables, individual valuation is carried out. Risk reservation has been made where rents or payments are more than sixty days overdue or other circumstances have given rise to uncertainty concerning the value of the credit, such as an assessment of the borrower's repayment capability. Full provision is made for that part of the receivable not considered to be covered by the market value of the collateral.

Sureties received in an amount of 442,000 (442,000) have been taken into consideration in conjunction with risk provisions.

All credit losses are attributable to lending to the public and leasing equipment.

Individually valued receivables

Annual write-downs regarding anticipated credit losses	-	-	-	-
Cancelled, no longer required reservations for anticipated credit losses	-	- 2,300	-	- 2,300
Net cost for the year of individually valued credit losses	-	- 2,300	-	- 2,300

Group-based valued receivables

Annual write-downs for established credit losses	8,297	10,398	-	2,546
Received from previous year's confirmed credit losses	- 1,521	- 1,706	- 90	- 117
Allocation to reserve for credit losses	5,339	7,564	2,937	5,421
Net cost for the year of receivables valued by Group	12,115	16,256	2,847	7,850
Annual net cost for credit losses	12,115	13,956	2,847	5,550

10. Appropriations

Change extra depreciation, Note 22	-	201,189	-	136,511
Total appropriations	-	201,189	-	136,511

11. Taxes

Income taxes	8,620	10,478	8,524	7,900
Deferred tax costs in untaxed reserves	56,333	38,223	-	-
Tax effect of group contributions	-	-	- 11,740	1,759
	64,953	48,701	- 3,216	9,659

NOTES

		Group		Parent Company				Group		Parent Company	
		2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Balance sheet December 31											
12. Lending to credit institutions											
For the Parent Company, this includes receivables from Group companies amounting to 738,622 (787,451).											
13. Lending to general public											
The Group's total lending, including leasing equipment, amounts to 23,658,711 (23,530,202). The corresponding figure for the Parent Company is 22,258,554 (22,166,425). These figures are shown after risk provision for the credits concerned in accordance with the regulations of the Financial Supervisory Authority (see Note 9). The figures fall below the gross values of the receivables by 141,824 (136,485) for the Group and 88,584 (85,647) for the Parent Company. (See also Note 16 - leasing equipment.)											
Unsettled receivables from which interest is shown as income amount to 275,762 (344,252) for the Group and Parent Company alike. Problem credits corresponding to the Financial Supervisory Authority's definition amount to 28,618 (47,129) for the Group and to - (19,194) for the Parent Company.											
There are no credits for which interest payment concessions have been agreed with the borrower.											
Lending to the public											
Gross value of receivables	15,346,775	15,733,106	13,946,618	14,369,329							
Unsettled receivables for which interest is entered as income	229,545	240,786	229,545	240,786							
Unsettled receivables for which interest is not entered as income	28,618	27,935	-	-							
	258,163	268,721	229,545	240,786							
Group-based risk reserves	103,714	100,268	50,474	49,430							
Individual risk reserves	4,200	4,200	4,200	4,200							
	107,914	104,468	54,674	53,630							
Problem credits	28,618	27,935	-	-							
Tangible assets											
Gross value of assets	8,311,936	7,797,096	8,311,936	7,797,096							
Unsettled receivables for which interest is entered as income	47,461	103,466	47,461	103,466							
Group-based risk reserves	33,910	32,017	33,910	32,017							
Problem credits	-	19,194	-	19,194							
14. Shares and participations in associated companies											
Unlisted securities											
	Number	Nom value	Shareholding	Book value							
<i>AB Volvofinans:</i>											
Volvohandelns PV Försäljnings AB, Göteborg, Reg, No, 556430-4748											
	1,000	1,000	50%	1,000							
Total Parent Company				1,000							
			Share in profit	Shareholding	Book value						
<i>Volvofinans Leasing AB:</i>											
Volvohandelns PV Försäljnings KB, Göteborg, Reg, No, 916839-7009											
			5%	33%	1,438						
VCC Tjänstebilar KB, Göteborg, Reg, No, 969673-1950											
			5%	33%	1,244						
Total Volvofinans Leasing AB					2,682						
Total Group					3,682						
15. Shares and participations in Group companies											
Unlisted securities											
	Reg No	Reg. office	Result 2002								
Automanagement AR AB	556268-7052	Göteborg	-								
Volvofinans IT AB	556004-3621	Göteborg	-								
Volvofinans Leasing AB	556037-5734	Göteborg	5								
Autofinans Nordic AB	556094-7284	Göteborg	-								
Volvofinans Konto AB	556103-2706	Göteborg	-								
Shares in wholly-owned Group companies											
	Number	Nom value	Book value 2002	2001							
Automanagement AR AB	2,000	200	240	240							
Volvofinans IT AB	400	200	240	240							
Volvofinans Leasing AB	10,000	1,000	1,200	1,200							
Autofinans Nordic AB	50,000	5,000	49,060	49,060							
Credit institutions											
Volvofinans Konto AB	100,000	10,000	48,000	48,000							
			98,740	98,740							
<i>Guarantee fund certificates:</i>											
Volvofinans Konto AB			40,000	40,000							
<i>Subordinated assets</i>											
<i>Convertible debentures:</i>											
Volvofinans Konto AB			35,000	35,000							
Total			173,740	173,740							
16. Tangible fixed assets											
Leasing items											
Acquisition value	11,322,533	10,274,772	11,322,533	10,274,772							
Accumulated depreciation acc, to plan	- 2,976,687	- 2,445,659	- 2,976,687	- 2,445,659							
Risk reserve	- 33,910	- 32,017	- 33,910	- 32,017							
	8,311,936	7,797,096	8,311,936	7,797,096							
For valuation of risk provision, see Note 9 and Note 13,											
Equipment											
Acquisition value	21,658	20,109	4,990	4,957							
Accumulated depreciation acc, to plan	- 14,103	- 11,018	- 3,594	- 2,915							
	7,555	9,091	1,396	2,042							
Total tangible fixed assets	8,319,491	7,806,187	8,313,332	7,799,138							
17. Other assets											
Accounts receivables	543,835	616,059	479,704	566,244							
Tax claim	124	419	-	-							
Value added tax	13,208	15,731	13,208	15,731							
Other receivables	4,142	30,544	2,905	29,752							
	561,309	662,753	495,817	611,727							

NOTES

Group		Parent Company			
2002	2001	2002	2001	2002	2001

18. Borrowing from public

AB Volvofinans liabilities to Group companies amount to 58,980 (59,656).

19. Other liabilities

Accounts payable	792,470	566,682	393,624	257,063
Payable to customers	52,649	230,131	52,154	230,131
Income tax liabilities	106	744	106	744
Other liabilities	34,753	34,307	31,445	30,559
	879,978	831,864	477,329	518,497

20. Subordinated liabilities

With the exception of one euro loan (EUR 15,000 swapped to SEK 127,800), all loans are denominated in Swedish kronor.

Loan	Date due	Interest rate	Bookvalue
1996/03	2003-01-30	Fixed interest	50,000
1997/04	2004-11-20	STIBOR floating	100,000
2000/06	2006-01-20	Fixed interest	100,000
2001/07	2007-06-20	STIBOR floating	150,000
2000/10	2010-06-30	Fixed interest	39,000
2000/10	2010-07-07	Fixed interest	46,000
2000/10	2010-10-11	EURIBOR floating	127,800
2001/11	2011-09-28	Fixed interest	63,000
2001/11	2011-09-28	STIBOR floating	41,000
2001/11	2011-12-20	STIBOR floating	100,000
2001/11	2011-12-30	STIBOR floating	100,000
2002/12	2012-06-20	Fixed interest	110,000

1,026,800

Subordinated debt instruments have been issued in compliance with the Swedish Financial Supervisory Authority's regulations.

21. Guarantee fund

Guarantee fund loan	200,000	200,000
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The guarantee fund is paid in by the owners in the amount of 100,000 each, for a total of 200,000.

The Financial Supervisory Authority has consented to allow the loans to be included in the capital base. Redemption of the loans requires permission on the part of the Financial Supervisory Authority.

The payment of interest requires a decision by the Annual General Meeting, following the determination that earnings permit interest payments. The accrued interest cost attributable to the loans is included under "Accrued expenses and prepaid income."

22. Untaxed reserves

AB VOLVOFINANS

Accumulated extra depreciation

Leasing items		
At start of year	1,799,216	1,662,705
Annual extra depreciation	201,189	136,511
At end of year	2,000,405	1,799,216
Total untaxed reserves	2,000,405	1,799,216

23. Untaxed reserves

VOLVOFINANS GROUP

Accumulated extra depreciation	2,000,405	1,799,216
Total untaxed reserves	2,000,405	1,799,216
Equity in untaxed reserves	1,440,292	1,295,436
Tax portion in untaxed reserves	560,113	503,780
	2,000,405	1,799,216

24. Shareholders' equity

GROUP

	Shareholders' equity	Restricted Shareholders' equity	Equity in untaxed reserves	Unrestricted shareholders equity	Total equity
Balance, January 1	100,000	23,000	1,295,436	42,187	1,460,623
Dividend	-	-	-	- 20,000	- 20,000
Capital share of year's appropriations	-	-	144,856	- 144,856	-
Net profit for the year	-	-	-	166,360	166,360
Balance, December 31	100,000	23,000	1,440,292	43,691	1,606,983

PARENT COMPANY

	Restricted Shareholders' equity			Unrestricted shareholders equity	Total equity
	Share capital	Legal reserves			
Balance, January 1	100,000	20,000	34,321	154,321	154,321
Dividend	-	-	- 20,000	- 20,000	- 20,000
Group contributions, received	-	-	41,929	41,929	41,929
Tax effect on group contributions	-	-	- 11,740	- 11,740	- 11,740
Net profit for the year	-	-	- 8,689	- 8,689	- 8,689
Balance, December 31	100,000	20,000	35,821	155,821	155,821

SUPPLEMENTARY INFORMATION

Off- balance-sheet commitments

AB Volvofinans has undertakings off the balance sheet in the form of interest-based contracts which are a part of operating activities. These undertakings involve a certain credit risk and thus generate a capital requirement. The risk-weighted amount corresponds to 3.7% of consolidated equity.

	Group		Parent Company	
	Nominal amount	Risk-weighted amount	Nominal amount	Risk-weighted amount
Interest-based contracts	3,023,847	79,144	3,023,847	79,144

Term information

Lending to general public

Since the Volvofinans Group conducts lending operations for vehicle financing and credit card operations, the credits may be settled at any time independently of the term of the loan, therefore no division by term is shown.

Group SEK M	< 1 year	1 - 3 year	3 - 5 year	> 5 year	Total
Lending credit institutions	444	0	0	0	444
Liabilities to credit institutions	4,567	2,609	1,100	0	8,276
Borrowing from general public	330	0	0	0	330
Securities issued	8,509	1,901	856	0	11,266

Parent Company

SEK M	< 1 year	1 - 3 year	3 - 5 year	> 5 year	Total
Lending credit institutions	1,182	0	0	0	1,182
Liabilities to credit institutions	4,567	2,609	1,100	0	8,276
Borrowing from general public	200	0	0	0	200
Securities issued	8,509	1,901	856	0	11,266

Capital base and capital requirements, December 31

Credit market companies, like banks, should maintain a so-called capital base of at least 8% of total assets and commitments off the balance sheet, as calculated below:

Capital base	Group		Parent Company	
	2002	2001	2002	2001
Taxed equity	145,192	145,187	134,321	134,321
Guarantee fund loan	200,000	200,000	200,000	200,000
Untaxed reserves 72%	1,440,292	1,295,436	1,440,291	1,295,436
Total core capital	1,785,484	1,640,623	1,774,612	1,629,757
Convertible debentures after reduction	826,800	796,800	826,800	796,800
Total supplementary capital	826,800	796,800	826,800	796,800
Total core and supplementary capital	2,612,284	2,437,423	2,601,412	2,426,557
Minus eliminations	-	-	-	-
Capital base	2,612,284	2,437,423	2,601,412	2,426,557

The capital base includes the Board of Directors' recommended appropriations and proposed disposition of unappropriated earnings.

Capital requirements

Group Riskclass	2002			2001		
	Assets	Outside bal sheet	Risk-weighted amount	Assets	Outside bal sheet	Risk-weighted amount
0%	-	-	-	-	-	-
20%	88,704	15,829	104,533	70,556	12,688	83,244
100%	23,921,059	-	23,921,059	23,894,832	-	23,894,832
Total			24,025,592			23,978,076

Capital adequacy ratio, %	10.87	10.17
Core capital ratio, %	7.43	6.84

Parent Company

Riskclass	2002			2001		
	Assets	Outside bal sheet	Risk-weighted amount	Assets	Outside bal sheet	Risk-weighted amount
0%	-	-	-	-	-	-
20%	88,704	15,829	104,533	70,556	12,688	83,244
100%	22,440,343	-	22,440,343	22,466,465	-	22,466,465
Total			22,544,876			22,549,709

Capital adequacy ratio, %	11.54	10.76
Core capital ratio, %	7.87	7.23

The capital adequacy ratio and core capital ratio are obtained by setting the capital base and the core capital in relation to the risk-weighted capital.

PROPOSED DISPOSITION OF UNAPPROPRIATED EARNINGS

Amount in SEK T

THE VOLVOFINANS GROUP

According to the consolidated balance sheet, unrestricted equity totaled 43,691.
No allocation to restricted funds is recommended.

AB VOLVOFINANS

After a dividend of 20,000, as approved by the 2002 Annual General Meeting:

Retained earnings brought forward	44,510
Net profit for the year	- 8,689
At disposal of the Annual General Meeting	<u>35,821</u>

The Board of Directors and the President propose that this amount be utilized as follows:

SEK 21:50 per share to be distributed to shareholders	21,500
Retained earnings to be carried forward	<u>14,321</u>
	35,821

Göteborg February 19, 2003



HEINRICH BLAUERT
Chairman



STEN BRANDT



BOB PERSSON



PER-OLOF GRYMLINGS



PETER HANSSON



ALAIN VANDENPLAS



JAN-ULF MYHRER




BJÖRN INGEMANSON
President

The auditors' report was submitted February 21, 2003



ROGER MATTSSON
Authorized Public Accountant



MICHAEL LINDENGREN
Authorized Public Accountant

Appointed by the Swedish Financial Supervisory Authority

AUDITORS' REPORT

for AB Volvofinans (publ)

To the general meeting of the shareholders of AB
Volvofinans (publ)

Corporate identity number 556069-0967

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the president of AB Volvofinans (publ) for the year 2002. These accounts and the administration of the company are the responsibility of the board of directors and the president. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the president, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the president. We also examined whether any board member or the president has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and, thereby, give a true and fair view of the company's and the group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the general meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit for the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the president be discharged from liability for the financial year.

Göteborg February 21, 2003



ROGER MATSSON
Authorized Public Accountant



MICHAEL LINDENGREN
Authorized Public Accountant
Appointed by the Swedish Financial Supervisory Authority

BOARD OF DIRECTORS, AUDITORS AND SENIOR EXECUTIVES

Board of Directors

HEINRICH BLAUERT
Chairman.
President and CEO, Bilia AB, Göteborg.

STEN BRANDT
Chairman The Volvo Dealer Association,
Göteborg.
President, Bröderna Brandt Bil AB, Uddevalla.

BOB PERSSON
President, AB Persson Invest, Östersund.

PER-OLOF GRYLINGS
President, Bilia Lastbilar AB, Stockholm.

PETER HANSSON
President, Volvo Personbilar Sverige AB,
Göteborg.

ALAIN VANDENPLAS
President, Volvo Car Finance Europe,
Brussels, Belgium.

JAN-ULF MYHRER
Regional President, Volvo Auto Bank,
Cologne, Germany.

OWE ORRBECK
Deputy Member
President, The Volvo Dealer Association,
Göteborg.

ALF ÅKERMAN
Deputy Member
Director, Business Integration
Volvo Car Finance Europe, Brussels,
Belgium.

Auditors

ROGER MATTSSON
Authorized Public Accountant,
Göteborg.

MICHAEL LINDENGREN
Authorized Public Accountant,
Göteborg.
Appointed by the Financial
Supervisory Authority.

ANDERS IVDAL
Deputy Auditor.
Authorized Public Accountant,
Göteborg.

*Sten-Eric Helgesson
Bert Björn*

*Johan Nordin
Björn Ingemanson
Anders Brattelius*



Senior Executives

BJÖRN INGEMANSON
President.

BERT BJÖRN
Executive Vice President and Chief
Financial Officer.

ANDERS BRATTELIUS
Vice President Cars Marketing.

STEN-ERIC HELGESSON
Vice President Trucks Marketing.

MARGARETA JOHANSSON
Human Resource.

JOHAN NORDIN
IT-manager.

STEPHAN HULTENGREN
President, Volvofinans Konto AB.

ARNE HANSSON
IT-manager, Volvofinans Konto AB.



*Arne Hansson
Margareta Johansson
Stephan Hultengren*



www.volvofinans.se

På Volvofinans webbplats på Internet redovisas aktuell ekonomisk information i form av årsredovisningar, delårsrapporter och pressmeddelanden.

Där finns även information om Volvofinans produkter och tjänster.

Volvofinans Website on the Internet at www.volvofinans.se contains current financial information such as annual reports, interim reports and press releases.

VOLVOFINANS

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