

YEAR-END REPORT

AB Volvofinans (publ)
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January 1 – December 31, 2003

VOLVOFINANS CONSOLIDATES ITS LEADING POSITION

During the past year, Volvofinans secured its position as the automotive industry's leading financial player in Sweden. Consolidated profit amounted to SEK 229.5 M, a marginal decline from the record level of SEK 231.3 M in 2002. This was accomplished in a market with interest rates at an historically low level. The Group now has a market share of slightly more than 28%, which means that more than every fourth passenger car sold in dealerships is financed by Volvofinans.

The Group's contract and lending volumes reached record levels within all business areas and divisions. Significant earnings improvements within the credit card operations and fleet business have offset the interest effects. Loan losses continued to be small and limited to the credit card operations. Return on equity amounted to 10.42%, which was better than the forecast, but below the long-term goal of 12%.

Lending rose by a modest SEK 290 million (1%) to SEK 23.9 billion. The total number of contracts increased by 2% to 250,600 at year-end 2003, of which 29,800 pertain to fleet management. Volvo Credit Card operations continued to show strong results. More than 600,000 customers now use the card every month for purchases from Volvo dealers, for fuel and other automotive-related purchases.

Car sales in Sweden rose and 261,200 new cars were registered during the year, an increase of 3%. Volvo and Renault sold 64,200 new cars, corresponding to a market share of 24.6%. In addition, the Swedish Volvo dealers sold 70,600 used cars. Volvofinans financed 56% of new cars and 43% of the used cars.

Volvo also strengthened its position on the truck market (total 4,719 vehicles), with 2,312 newly registered vehicles, which exceeded the preceding year's total by 200 units, providing a market share of 49%, of which Volvofinans financed 55% through the Swedish Volvo dealership. The Volvo Truck Card, which eases daily tasks for the trucking companies, contributed significantly to this positive development and shows 100% growth.

A total of 81,000 new contracts were signed during the year. Our financial products – Volvo Car Loan, Volvo Car Leasing, Volvo Truck Loan and Volvo Personal Loan – showed continued success and consolidated Volvofinans' dominant position on the Swedish market for vehicle financing.

For the Volvo dealership network, 2003 was one of the most successful years in history, with profitability, increased sales volumes, high utilization in the workshops and successful sales of spare parts. The sales financing operations combined with fuel sales through the Volvo Card and sales of "Tanka," the proprietary fuel brand of the Swedish Volvo dealers, contributed strongly to the success of our operations.

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The Volvo Card is a key element in sales of workshop services, spare parts/accessories and fuel. The Volvo dealerships' Tanka stations are approaching a market share of 10% in Sweden and more are being added successively. The expansion of Tanka fuel stations is continuing according to plan and the entire Volvo dealership network will soon be offer low-price fuel. The Volvo Card eases daily tasks for motorists, provides the Volvo dealerships with increased synergy benefits and serves as a powerful communications tool.

Standard & Poor's chose to link Volvofinans to the rating for Ford Motor Company (50% owner of Volvofinans) and Ford Credit, which led to a decline in Volvofinans' long-term credit rating to BBB and the domestic rating to K2 due to the development within the Ford corporation. Our banks and our broad base of investors, however, have determined that inherent risks in Volvofinans had not increased in any respect. This perception was confirmed when Moody's published a credit rating for Volvofinans for the first time; the long-term rating is A3, with a short-term rating P-2, and later by Standard & Poor's, which retained the BBB rating, but now with the indication "Stable Outlook."

Volvofinans is now well-equipped for continued expansion. As a result of the cooperation with our part-owners, the Swedish Volvo dealers, which provide us new business every day, we look to the future with a great deal of optimism.

Bert Björn
President

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INCOME STATEMENT

Amounts in 000s	Group		Parent Company	
	2003 Jan - Dec	2002 Jan - Dec	2003 Jan - Dec	2002 Jan - Dec
Interest income	754,017	848,226	683,557	790,615
Leasing income	2,407,002	2,263,314	2,407,002	2,263,314
Interest expense	- 824,428	- 936,364	- 817,571	- 929,516
Dividends received	224	458	-	-
Commission income	235,105	216,163	70,077	62,378
Commission expense	- 29,327	- 24,522	- 23,721	- 19,090
Total operating income	2,542,593	2,367,275	2,319,344	2,167,701
General				
Administrative expenses	198,389	185,398	66,580	66,005
Depreciation of tangible fixed assets	2,080,691	1,896,999	2,078,060	1,894,422
Other operating expenses	42,035	41,450	14,328	15,143
Total operating expenses	2,321,115	2,123,847	2,158,968	1,975,570
Income before credit losses	221,478	243,428	160,376	192,131
Credit losses, net	7,994	- 12,115	17,569	- 2,847
Income before appropriations and taxes	229,472	231,313	177,945	189,284
Appropriations	-	-	- 196,152	- 201,189
Income before taxes	229,472	231,313	- 18,207	- 11,905,
Taxes	- 64,438	- 64,953	4,962	3,216
Net profit for the year	165,034	166,360	- 13,245	- 8,689

BALANCE SHEET

Amounts in 000s	Group		Parent Company	
	2003 Dec 31	2002 Dec 31	2003 Dec 31	2002 Dec 31
Lending, incl. leasing	24,407,531	24,102,231	22,965,277	22,702,074
Lending Group company	-	-	674,556	738,622
Other assets	555,809	665,507	689,101	758,687
Total assets	24,963,340	24,767,738	24,328,934	24,199,383
Borrowing	20,084,111	19,873,396	19,940,217	19,742,829
Other liabilities	1,336,876	1,500,446	857,239	1,073,528
Debenture loan	976,800	1,026,800	976,800	1,026,800
Deferred taxes	615,036	560,113	615,036	560,113
Guarantee fund loans	200,000	200,000	200,000	200,000
Shareholders' equity *	1,750,517	1,606,983	1,739,642	1,596,113
Total liabilities and equity	24,963,340	24,767,738	24,328,934	24,199,383

* including 72% of taxed reserves

KEY RATIOS

Group	2003	2002
Return on equity, %	10.42	11.56
Risk capital/total assets, %	14.09	13.70
Capital adequacy, %	11.06	10.87
Primary capital, %	7.94	7.43
Credit losses/ø lending, %	-	0.05
I/E ratio	1.97	1.96
I/E ratio excl. credit losses	1.91	2.06