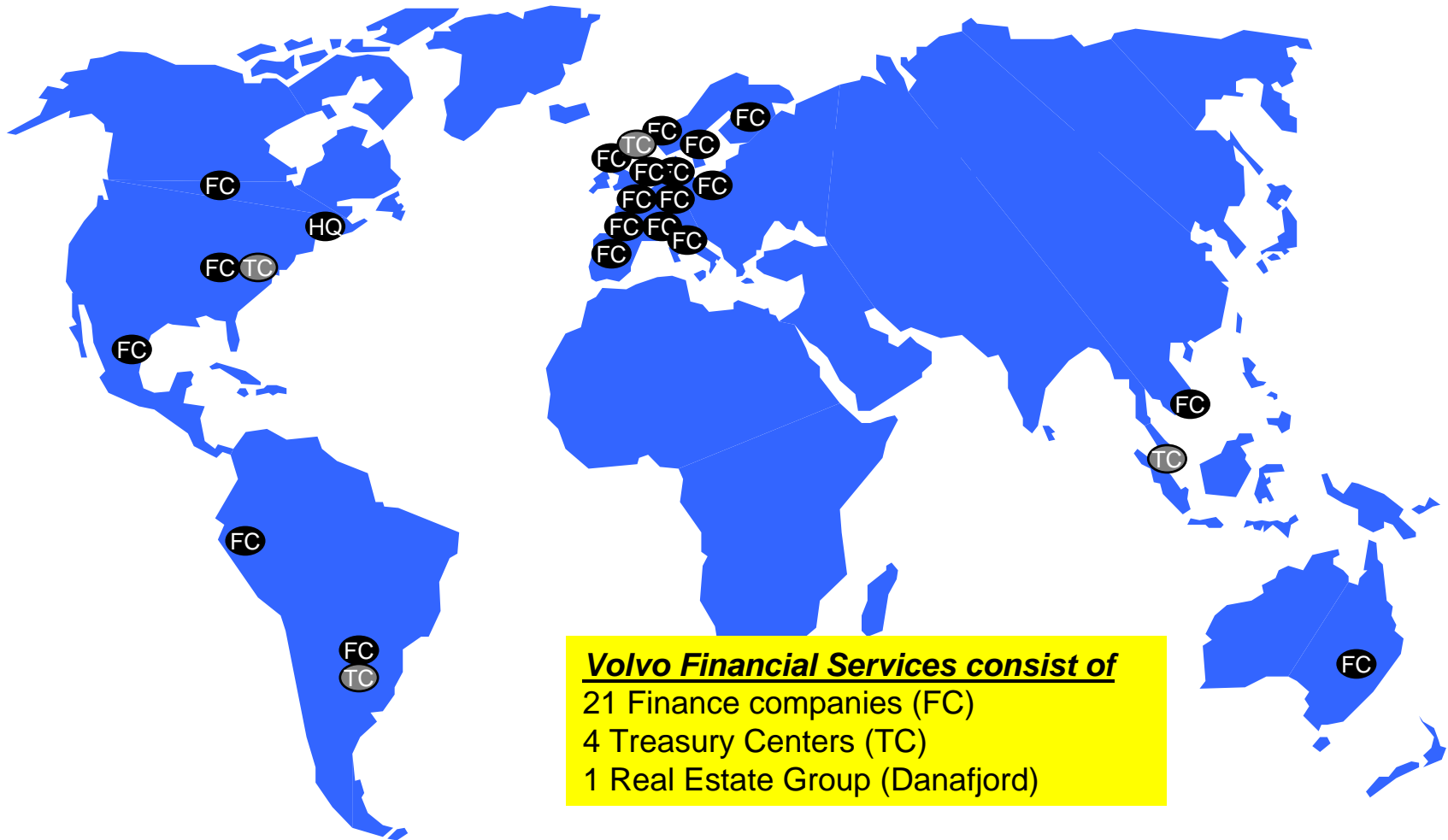


VOLVO

Sal Mauro

President Volvo Financial Services

A Global Services Organization



Volvo Financial Services consist of
21 Finance companies (FC)
4 Treasury Centers (TC)
1 Real Estate Group (Danafjord)

A Global Services Organization

Customer Finance

- Customer Finance:**
 - Operational leasing
 - Financial leasing
 - Instalment credits
- Dealer Finance:**
 - Floor plan
 - Dealer loans

Insurance

- Liability
- Physical damage
- GAP

Real Estate

- Ownership
- Maintenance
- Lease Agreements
- New construction

Treasury

- Foreign Exchange
- Loans and Deposits
- Cash Pooling
- Strategic Funding
- Liquidity Reserves

Related Services

- Financial consultancy
- Fuel & Tax reporting
- Credit Card

VOLVO

VFS Financial Services

VOLVO

Financial Services

RENAULT TRUCKS *Finance*



- Volvo Trucks

- Volvo Buses

- Volvo Construction Equipment

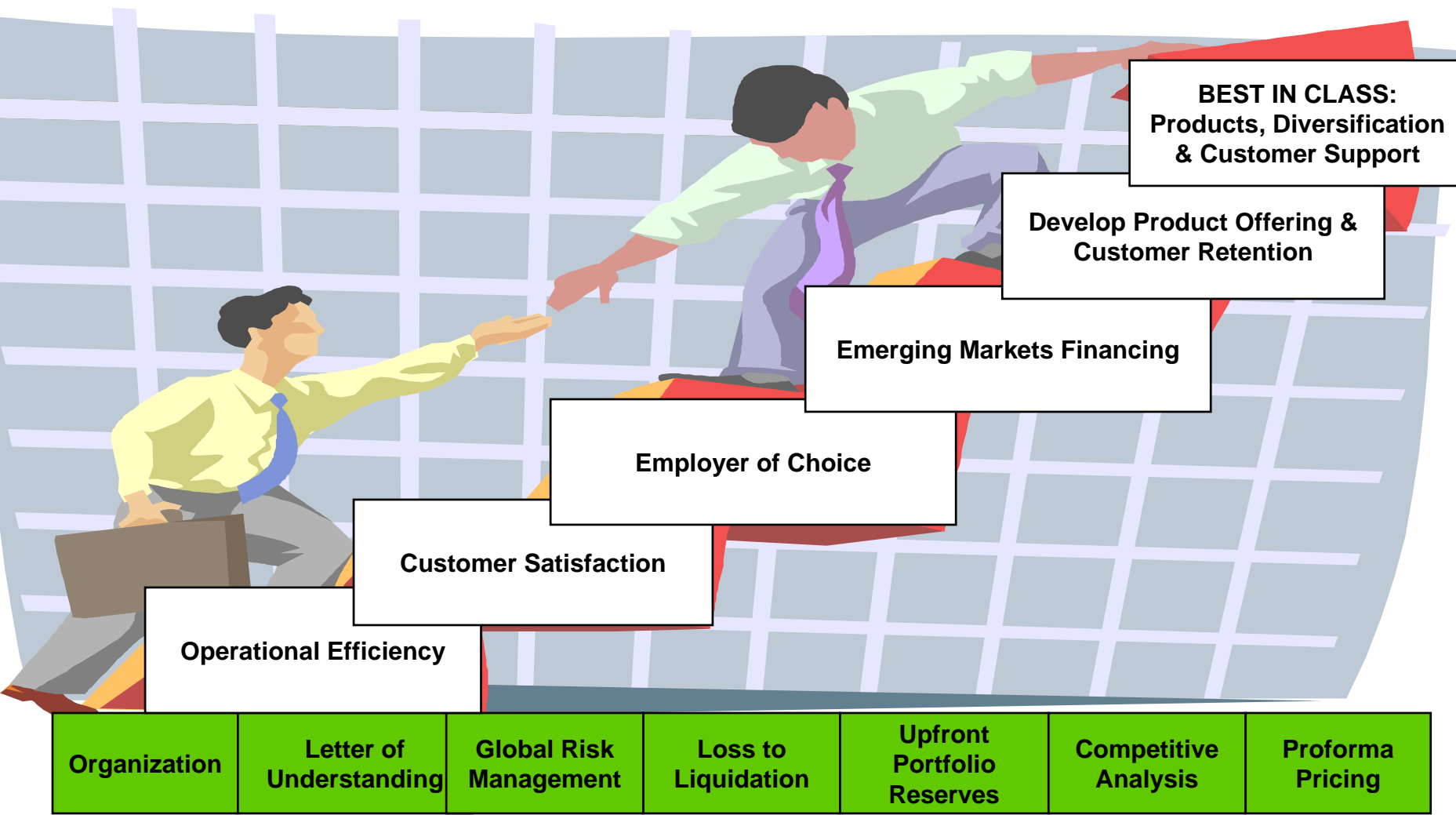
- Volvo Aero

- Volvo Penta

- Renault Trucks

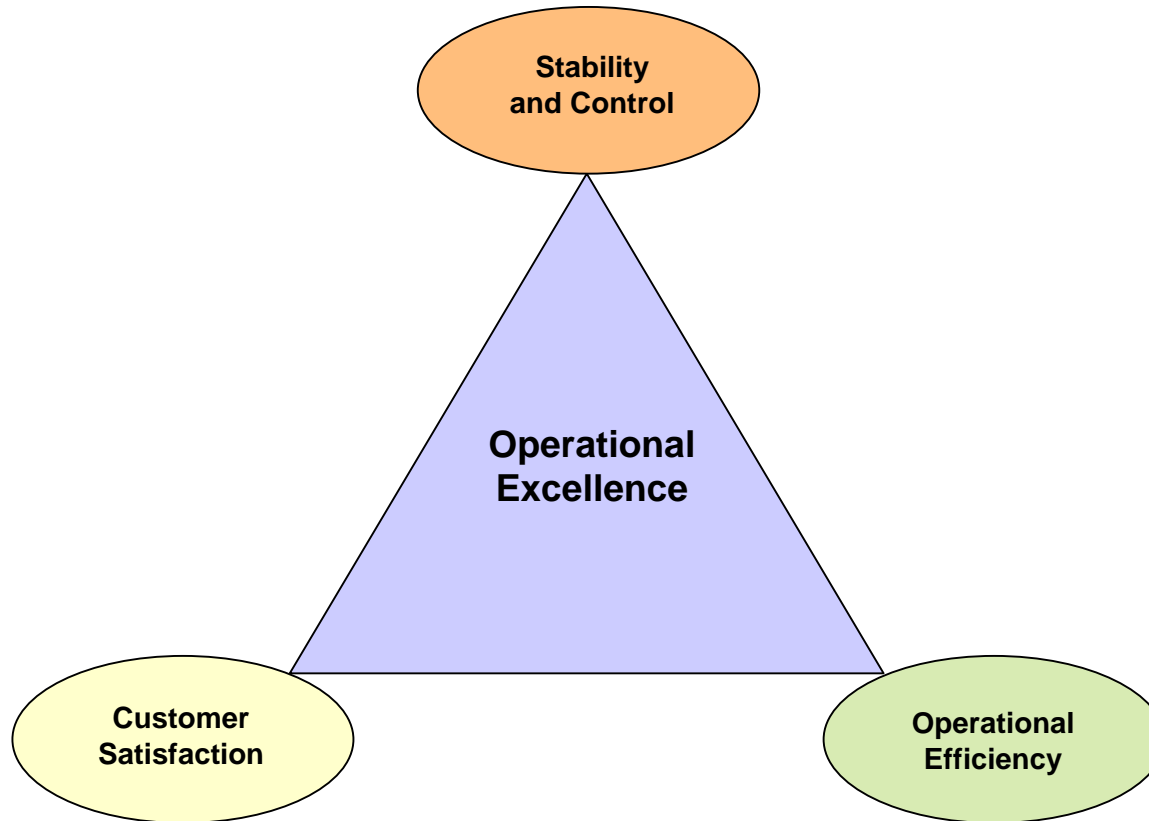
- Mack Trucks

Building Blocks for Global Strategy



Principles on Running VFS

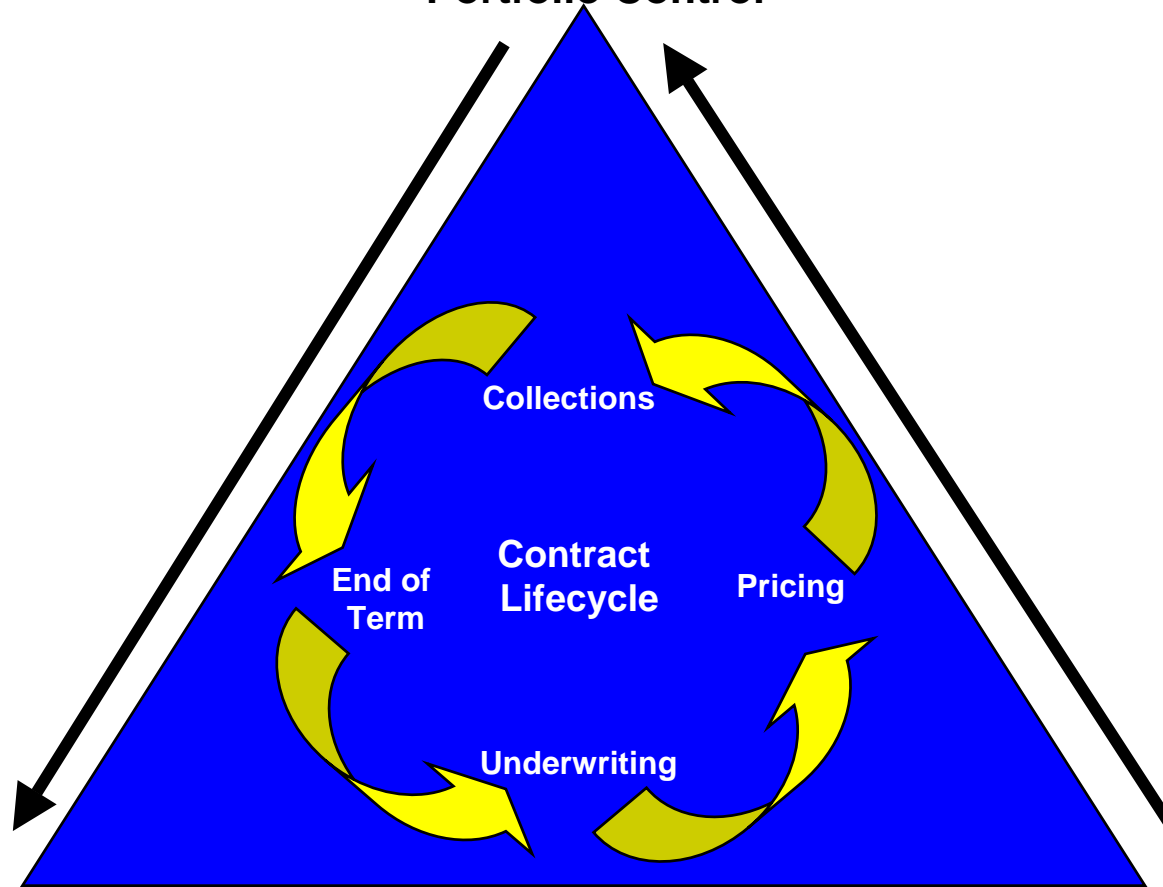
Operational Excellence Strategy



Principles on Running VFS

Global Risk Management

Portfolio Control



Loss to Liquidation

Pro forma Pricing

**Monthly
Upfront
Provisioning**

Income Statement Impact

**Quarterly
Reserve
Adequacy
Assessment**

Potential Income
Statement Impact

**Balance Sheet
Reserves
(General & Specific)**

**Monthly
Write-off**

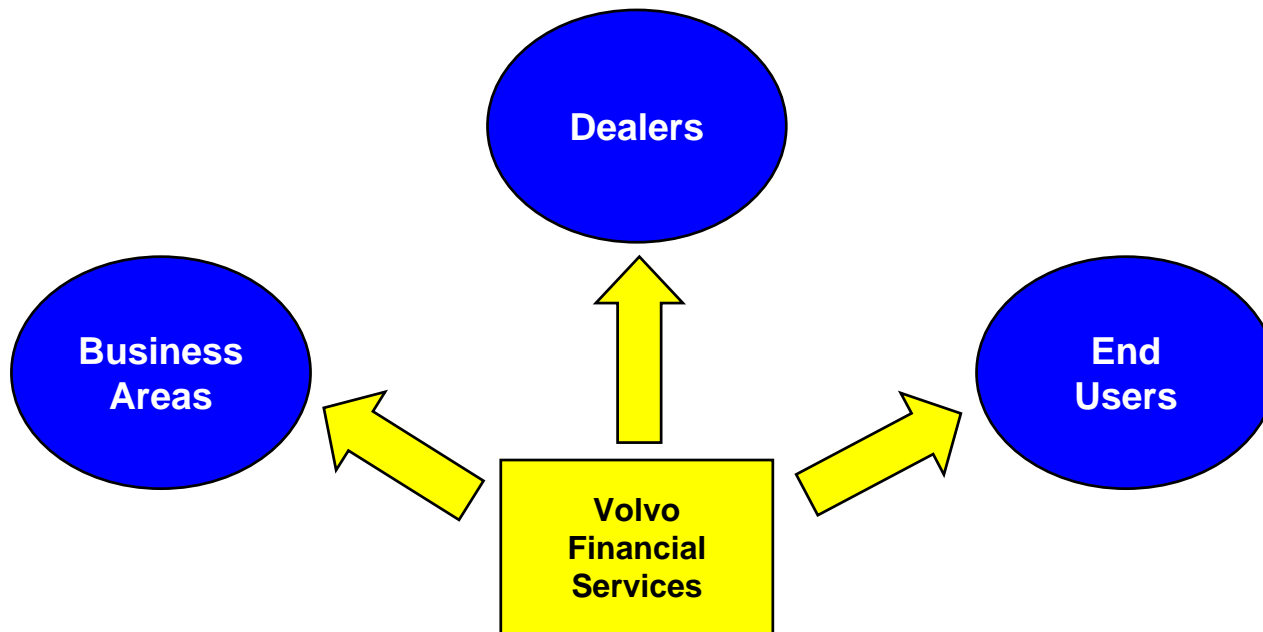
Balance Sheet Impact

**Monthly
Reserve
Reclassification**
(between general &
specific)

Balance Sheet Impact

Principles on Running VFS

Customer Satisfaction



VFS “Touches” The Customer Many Times During The Contract Lifecycle. Positive Experiences For The Customer At Each Of These Touch Points Builds Loyalty And Enhances Retention Efforts.

Strategic alternatives, new markets

Various stages of development requires different solutions

<p><i>Cross border financing</i></p> <ul style="list-style-type: none">• Initial step• Low cost solution• Difficult to control import process	<p><i>Vendor program</i></p> <ul style="list-style-type: none">• Risk for adverse credit selection• No profits, large portion of risk normally remains
<p><i>Joint venture</i></p> <ul style="list-style-type: none">• Profit sharing while often risk remains• Difficult to find right partner, exit strategy critical	<p><i>Greenfield</i></p> <ul style="list-style-type: none">• Larger investment• Requires local presence and local competence

IN FOCUS: Eastern Europe and China

Financial Targets & Long-term Objectives

• Profitability	ATROE
• Earnings	Operating income
• Growth	% of Volvo unit Sales
• Productivity improvement	Operating expense ratio
• Credit control	Write-off and overdue >30 days
• Stability	Positive and stable development quarter by quarter

Long term objectives
12-15% ATROE
Stability of earnings over a business cycle

VFS Financial Update Key Figures

(MSEK)	2002	2001	Q1 2003	Q1 2002
VFS				
Operating Income	490	325	212	115
ATROE	4.7%	4.4%	7.1%	4.7%
Operating Expense	1,405	1,337	330	370
Employees	1,056	1,077	1,040	1,065
Equity Ratio	10.8%	10.3%	11.2%	10.3%
Assets	69,364	73,528	66,926	71,323

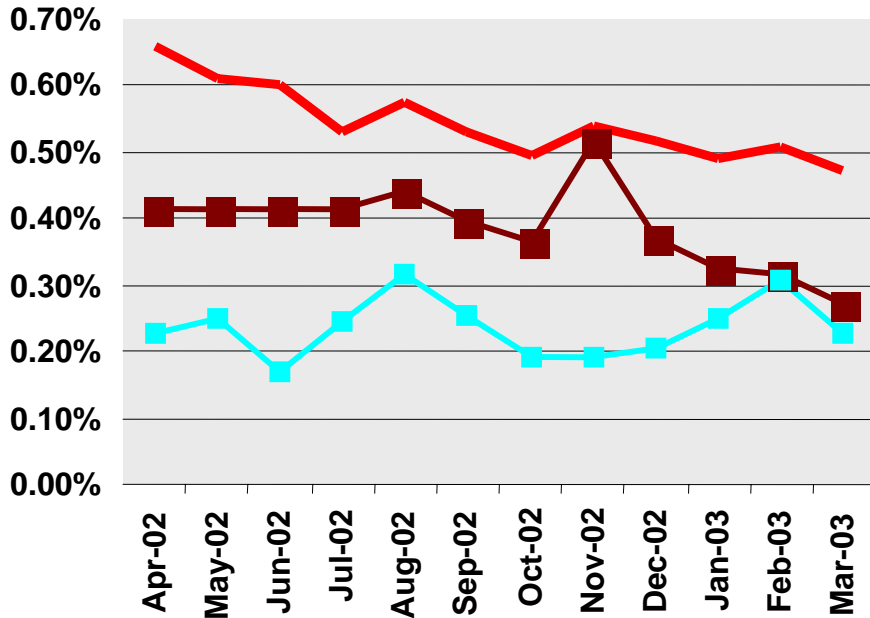
VFS Financial Update Key Figures

(MSEK)	2002	2001	Q1 2003	Q1 2002
Customer Finance				
Retail Volume (New & Used)	26,345	22,377	5,898	5,787
Gross Credit Portfolio	62,829	65,927	61,763	64,328
Reserve ratio	2.55%	2.85%	2.2%	2.6%
Write-Offs	893	823	367	212
Delinquency	0.64%	0.88%	0.47%	0.63%

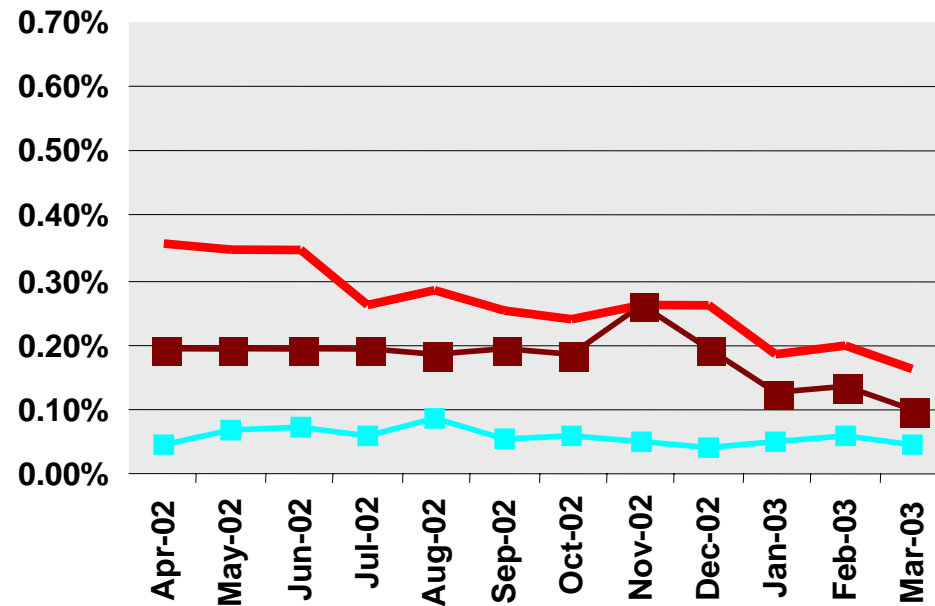
VFS Financial Update: Stability and Control

Effective Risk Management = Stability and Control

Overdue > 30 Ratio



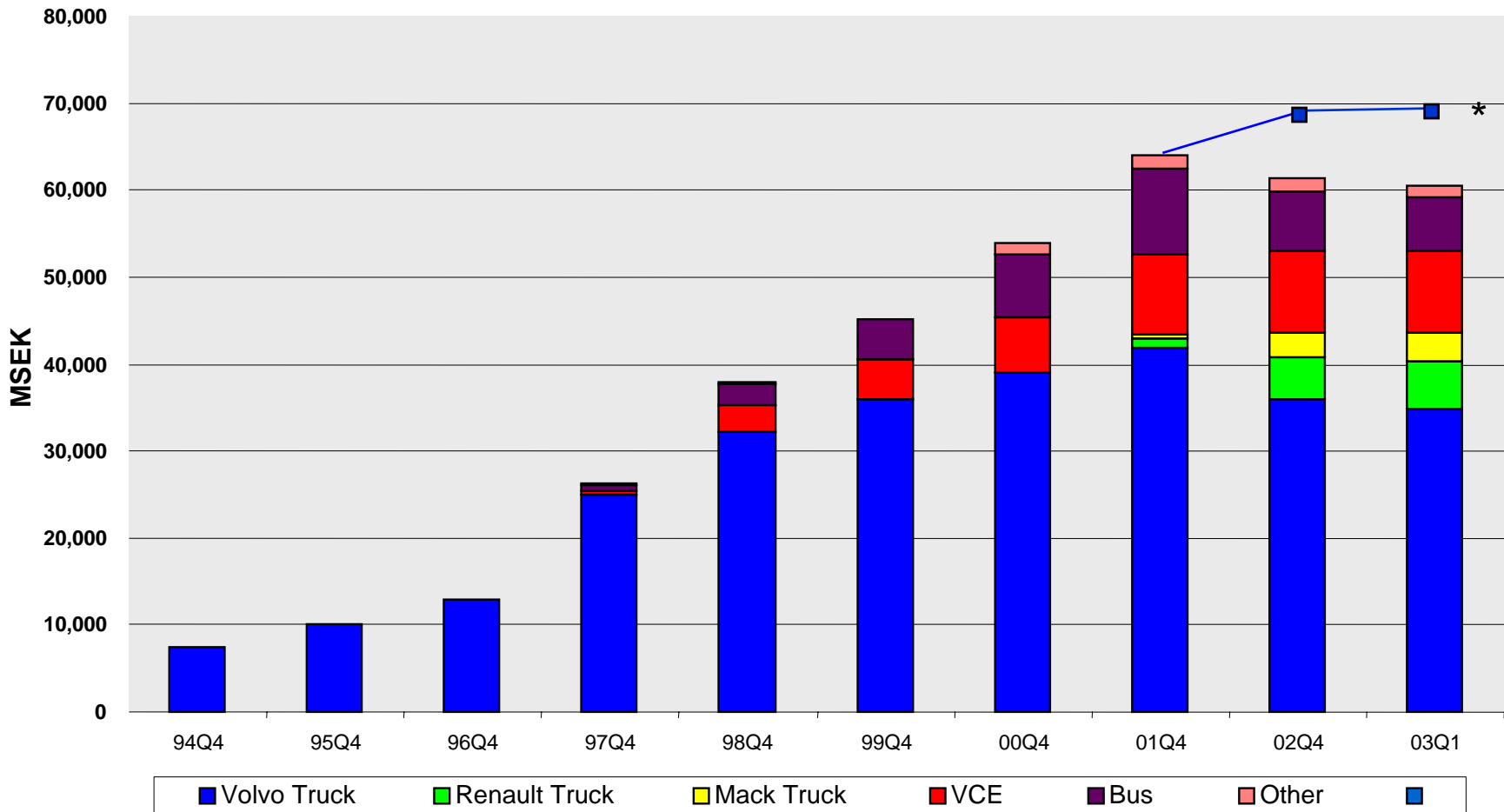
Overdue > 90 Ratio



*Receivables overdue as % of gross credit portfolio

Portfolio Review: Net Credit Portfolio: 1994 – 2003 Q1

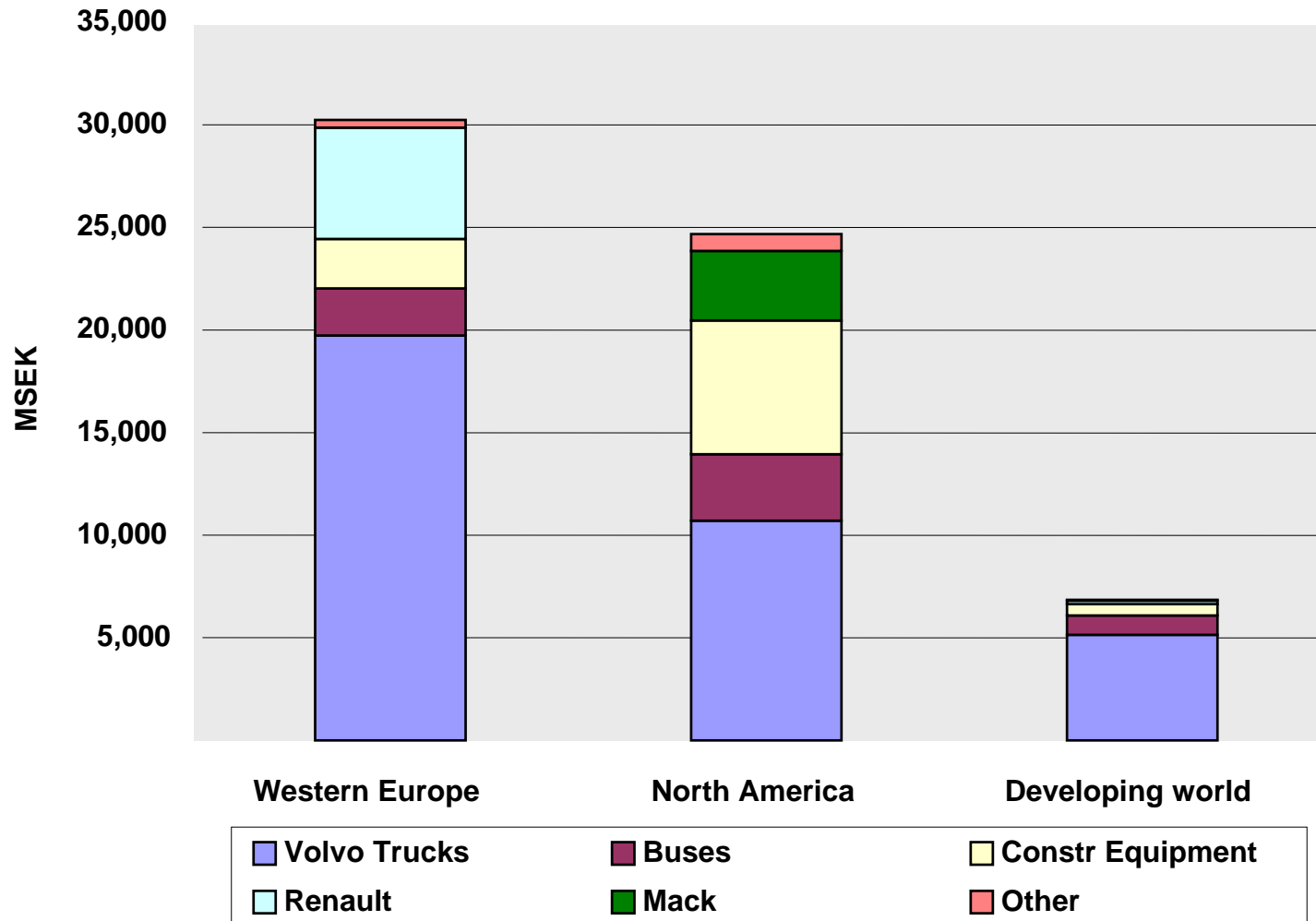
Diversified portfolio growth since 2001



*Line Graph shows the portfolio size using the close exchange rates from 4th Quarter 2001

Portfolio Review: Gross Credit Portfolio Structure March 2003

Regional distribution and product mix

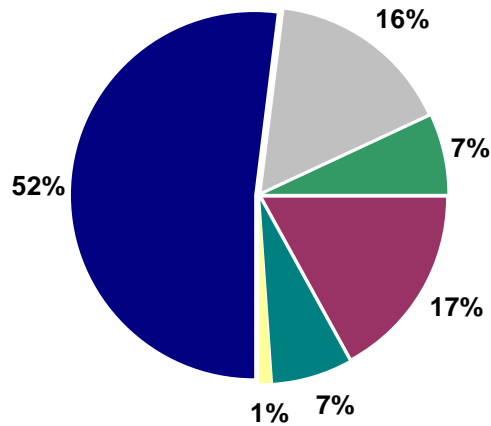


VFS Financial Update

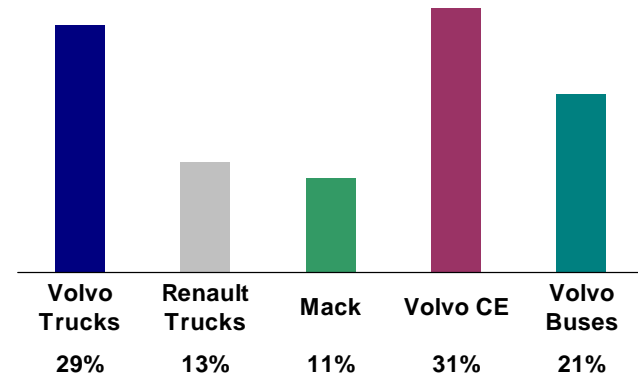
Volume and Penetration: First Quarter 2003



New financing



Penetration on new financing



Key objectives

- 1 **Stability in earnings** over a business cycle
- 2 **Profitability** in all business segments
- 3 Controlled and profitable **asset growth**
- 4 Sound **portfolio structure** / asset diversification
- 5 Support Business Areas & maximize **customer satisfaction**

VOLVO