Annual Report and Consolidated Financial Statements for the 2013 financial year

The Board of Directors and the President of Volvo Treasury AB (publ), (556135-4449) hereby submit the following Annual Report and Consolidated Financial Statements.

Content

AV KAMMARKOLLEGIET AUKTORISERAD TRANSLATOR
* NR 652 *

This is a true and
accurate translation
of the original document
(Certified): ....
Donald Hughes
Authorized Translator

Amounts are shown in millions of Swedish kronor (SEK M) unless otherwise stated. The amounts within parentheses refer to the preceding year.

Board of Directors' report

Volvo Treasury AB (publ) is a wholly owned subsidiary of AB Volvo (publ) Gothenburg (556012-5790). The Company is the Parent Company of Volvo Treasury Asia Ltd, which in turn is the Parent Company of Volvo Treasury Australia Pty Ltd ("Volvo Treasury Group").

The "Volvo Treasury Group" is a unit within the Volvo Group that provides the Volvo Group with services related to treasury and cash management. All financial transactions with companies within the Volvo Group are carried out on market terms. Most of the financial transactions of the Volvo Group are conducted through the Volvo Treasury Group or one of the Volvo Group's other Treasury companies in North America or Asia, which, jointly with the Volvo Treasury Group comprise the "Volvo Treasury Unit." The Volvo Treasury Unit is responsible for all interest-bearing assets and liabilities, foreign exchange, as well as funding operations within the Volvo Group. Consolidated financial management offers better potential to utilize the Volvo Group's financial assets and cash flow and professionally manage risks related to financial management.

The Volvo Treasury Group operations are carried out according to centrally determined risk mandates and limits designed to minimize the currency, interest-rate, credit and liquidity risks to which the Volvo Group is exposed. Risks are followed up, monitored and recognized daily. Risk limits are set by the Board of Volvo Treasury AB or in certain cases by the Board of AB Volvo. These risks and the manner in which they are managed are presented in more detail in Note 22 Financial risks and instruments.

Further description of financial risks and how the Volvo Group and the Volvo Treasury Unit manage them are presented in the Annual Report for the Volvo Group. See also the Annual Report for the Volvo Group regarding employee policies in the Volvo Group.

Corporate Governance Report

Volvo Treasury AB has prepared a Corporate Governance Report that is separate from the Report presented in the Annual Report, which can be found after the Annual Report in this document on pages 45-47.

Operations during 2013

Volvo Treasury Group – Summary

The Group's operating income by company is presented in the table below.

SEK M	2013	2012	2011	2010	2009
Volvo Treasury AB	855.9	1,122.6	1,618.0	1,009.6	(711.9)
Volvo Treasury Asia Ltd	61.7	59.1	32.0	51.6	32.9
Group total	**917.6**	**1,181.7**	**1,650.0**	**1,061.2**	**(679.0)**

During the year, net lending to Group companies within the Volvo Group decreased by 0.5 billion. During the preceding year, net lending increased by approximately 5 billion.

Net interest income for the year amounted to SEK 798.8 M, compared with income of SEK 1,095.1 M for the preceding year. During 2013, the decrease in average funding from other companies in the Volvo Group and decreasing financial expenses for the Volvo Treasury

Group resulted in decreasing net interest margin. This led to a decrease in operating income compared with the preceding year. The earnings effect of the market capitalization of derivatives in accordance with IAS 39 amounted to a negative SEK 90.8 M compared with a negative SEK 31.9 M in the preceding year and are included in the Financial instrument item measured at fair value in the income statement.

Events after the close of the fiscal year

No events occurred after the close of the fiscal year that significantly affected the earnings or position of the Group or the Parent Company.

Proposed disposition of unappropriated earnings

The following earnings are at the disposal of the Annual General Meeting:

Retained earnings		14,477,194,887
Net income/loss		220,363,464
	SEK	**14,697,558,351**

The Board of Directors and the President propose that the above sum be disposed of as follows:

Retained earnings to be carried forward	SEK	**14,697,558,351**

The prepared annual accounts signify that a Group contribution totaling SEK 1,100.0 M was paid to AB Volvo, while a Group contribution totaling SEK 522.0 M was received from Sotrof AB.

Total Comprehensive income, Group

	Note	2013	2012
Interest income	3	4,100.0	5,186.1
Interest expense	4	(3,203.8)	(4,073.3)
Financial instruments valued at fair value recognized in income statement	2, 22	(97.4)	(17.3)
Net interest income		**798.8**	**1,095.5**
Net result of other financial transactions	22	341.0	192.5
Gross income		**1,139.8**	**1,288.0**
Administrative expenses	5, 24	(208.2)	(101.1)
Other operating expenses		(14.0)	(5.2)
Operating income		**917.6**	**1,181.7**
Allocations	15	(578.0)	(755.7)
Income before tax		**339.6**	**426.0**
Tax on income for the year	6, 7	(71.0)	(107.3)
Net income		**268.6**	**318.7**

Other comprehensive income

	2013	2012
Net income	**268.6**	**318.7**
Items that will not be reclassified to income statement:		
Remasurement of defined-benefit pensions	10.4	(6.8)
Items that may be reclassified subsequently to income statement:		
Exchange-rate differences on translation of foreign operations	(19.8)	(0.6)
Total comprehensive income for the year	**259.2**	**311.3**
Total net income attributable to Parent Company shareholders	268.6	318.7
Total comprehensive income attributable to Parent Company shareholders	259.2	311.3

Consolidated balance sheet

	Note	Dec. 31, 2013	Dec. 31, 2012
ASSETS			
Non-current assets			
Intangible assets			
Software development	8	12.4	11.7
Tangible assets			
Equipment	9	0.6	0.7
Financial assets			
Receivables from Group companies (within the Volvo Group)		36,581.8	32,919.7
Other long term receivables	11	671.3	1,007.4
Total financial assets		**37,253.1**	**33,927.1**
Total non-current assets		**37,266.1**	**33,939.5**
Current assets			
Current receivables			
Receivables from Group companies (within the Volvo Group)		98,333.3	97,227.3
Other current receivables	12	2,409.9	3,120.8
Total current receivables		**100,743.2**	**100,348.1**
Marketable securities	13	**2,432.4**	**2,998.0**
Cash and cash equivalents	14	**13,821.4**	**9,675.9**
Total current assets		**116,997.0**	**113,022.0**
TOTAL ASSETS		**154,263.1**	**146,961.5**

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	Dec. 31, 2013	Dec. 31, 2012
Shareholders' equity			
Share capital		500.0	500.0
Reserves		41.2	61.0
Retained earnings		14,744.1	14,415.0
Net income		268.6	318.7
Total shareholders' equity		**15,553.9**	**15,294.7**
Non-current provisions			
Provision for post-employment benefits	16	20.7	32.0
Total non-current provisions		**20.7**	**32.0**
Non-current liabilities	17, 21, 22		
Bond loans		45,758.9	42,286.5
Other liabilities to credit institutions		18,632.9	20,867.8
Liabilities to Group companies (within the Volvo Group)		2,564.9	1,575.4
Total non-current liabilities		**66,956.7**	**64,729.7**
Current liabilities			
Liabilities to credit institutions	18	31,366.5	30,788.3
Accounts payable – trade		3.7	5.1
Liabilities to Group companies (within the Volvo Group)		38,712.3	34,436.9
Other current liabilities	19	1,649.3	1,674.8
Total current liabilities		**71,731.8**	**66,905.1**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**154,263.1**	**146,961.5**

Changes in Shareholders' equity, Group

	Note	Share capital	Reserves (translation differences)	Retained earnings	Total shareholders' equity
Balance at December 31, 2011		**500.0**	**61.6**	**14,436.6**	**14,998.2**
Effect of change of accounting principle	1	**-**	**-**	**(14.8)**	**(14.8)**
Adjusted opening balance at January, 2012		**500.0**	**61.6**	**14,421.8**	**14,983.4**
Net income for the year		-	-	318.7	318.7
Other comprehensive income					
Translation differences		-	(0.6)	-	(0.6)
Remasurement of defined-benefit pensions		-	-	(6.8)	(6.8)
Total comprehensive income for the year		*0.0*	*(0.6)*	*311.9*	*311.3*
Balance at December 31, 2012		**500.0**	**61.0**	**14,733.7**	**15,294.7**
Net income for the year		-	-	268.6	268.6
Other comprehensive income					
Translation differences		-	(19.8)	-	(19.8)
Remasurement of defined-benefit pensions		-	-	10.4	10.4
Total comprehensive income for the year		*0.0*	*(19.8)*	*279.0*	*259.2*
Balance at December 31, 2013		**500.0**	**41.2**	**15,012.7**	**15,553.9**

Cash-flow statement, Group

ACTIVITIES DURING THE YEAR	2013	2012
Interest received	4,121.7	5,504.7
Interest paid	(3,210.5)	(4,461.1)
Income taxes paid	(70.2)	(103.6)
Payments to suppliers and employees	(219.6)	(111.2)
	621.4	**828.8**
Increase (-)/decrease (+) in short-term marketable securities	565.5	3,710.1
Increase (-)/decrease (+) in current receivables	(115.5)	(70.4)
Increase (+)/decrease (-) in current liabilities	(10.3)	71.4
Increase (-)/decrease (+) in lending to Group companies	(8,643.4)	(3,263.6)
Increase (+)/decrease (-) in borrowing from Group companies	6,077.0	(5,241.5)
Increase (-)/decrease (+) in long-term receivables	(4.2)	0.5
Cash-flow from operating activities	**(1,509.5)**	**(3,964.7)**
Software development	(3.8)	(9.9)
Cash-flow from investing activities	**(3.8)**	**(9.9)**
Group contributions received (+)/granted (-)	(755.7)	(1,284.5)
Issue of interest-bearing securities	56,343.1	37,091.1
Repayment of interest-bearing securities	(42,263.0)	(32,174.3)
Increase in other borrowing	9,925.5	10,345.5
Decrease in other borrowing	(17,584.4)	(13,275.4)
Cash-flow from financing activities	**5,665.5**	**702.4**
Cash-flow during the year	4,152.2	(3,272.2)
Cash and cash equivalents, January 1	9,675.9	12,950.3
Exchange-rate differences in cash and cash equivalents	(6.7)	(2.2)
Cash and cash equivalents, December 31	**13,821.4**	**9,675.9**

Total Comprehensive income, Parent company

	Note	2013	2012
Interest income	3	4,066.3	5,119.9
Interest expense	4	(3,219.3)	(4,068.6)
Financial instruments valued at fair value recognized in income statement	2, 22	(96.9)	4.9
Net interest income		**750.1**	**1,056.2**
Net result of other financial transactions	22	318.5	163.0
Gross income		**1,068.6**	**1,219.2**
Administrative expenses	5, 24	(194.2)	(90.1)
Other operating expenses		(13.9)	(5.1)
Operating income		**860.5**	**1,124.0**
Allocations	15	-578.0	-755.7
Income before tax		**282.5**	**368.3**
Tax on income for the year	6, 7	(62.1)	(97.1)
Net income		**220.4**	**271.2**
Other comprehensive income		-	-
Total comprehensive income for the year		**220.4**	**271.2**

Balance sheet, Parent company

ASSETS

	Note	Dec. 31, 2013	Dec. 31, 2012
Non-current assets			
Intangible assets			
Software development	8	12.4	11.7
Tangible assets			
Equipment	9	0.5	0.6
Financial assets			
Participations in subsidiaries	10	224.6	224.6
Receivables from Group companies (within the Volvo Group)		36,196.0	32,696.5
Other long term receivables	11	655.0	992.0
Total financial assets		**37,075.6**	**33,913.1**
Total non-current assets		**37,088.5**	**33,925.4**
Current assets			
Current receivables			
Receivables from Group companies (within the Volvo Group)		97,972.9	96,504.5
Other current receivables	12	2,340.3	3,111.0
Total current receivables		**100,313.2**	**99,615.5**
Marketable securities	13	**2,432.4**	**2,998.0**
Cash and cash equivalents	14	**13,767.8**	**9,626.5**
Total current assets		**116,513.4**	**112,240.0**
TOTAL ASSETS		**153,601.9**	**146,165.4**

		Dec. 31, 2013	Dec. 31, 2012
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital (5,000,000 Series A shares, per value SEK 100)		500.0	500.0
Legal reserves		100.0	100.0
Total restricted equity		**600.0**	**600.0**
Unrestricted equity			
Retained earnings brought forward		14,477.2	14,206.0
Net income		220.4	271.2
Total unrestricted equity		**14,697.6**	**14,477.2**
Total shareholders' equity		**15,297.6**	**15,077.2**
Non-current provisions			
Provision for post-employment benefits	16	4.6	6.0
Total non-current provisions		**4.6**	**6.0**
Non-current liabilities	17, 21, 22		
Bond loans		45,758.9	42,286.5
Other liabilities to credit institutions		15,163.3	17,120.3
Liabilities to Group companies (within the Volvo Group)		5,038.9	4,981.4
Total non-current liabilities		**65,961.1**	**64,388.2**
Current liabilities			
Liabilities to credit institutions	18	28,894.8	27,183.5
Accounts payable – trade		3.6	5.0
Liabilities to Group companies (within the Volvo Group)		41,811.8	37,972.5
Other current liabilities	19	1,628.4	1,533.0
Total current liabilities		**72,338.6**	**66,694.0**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**153,601.9**	**146,165.4**

Changes in Shareholders' equity, Parent company

	Note	Share capital	Reserves (translation differences)	Retained earnings	Total shareholders' equity
Balance at December 31, 2011		**500.0**	**100.0**	**14,206.0**	**14,806.0**
Net income for the year		-	-	271.2	271.2
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		*0.0*	*0.0*	*271.2*	*271.2*
Balance at December 31, 2012		**500.0**	**100.0**	**14,477.2**	**15,077.2**
Net income for the year		-	-	220.4	220.4
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		*0.0*	*0.0*	*220.4*	*220.4*
Balance at December 31, 2013		**500.0**	**100.0**	**14,697.6**	**15,297.6**

Cash-flow statement, Parent company

ACTIVITIES DURING THE YEAR	2013	2012
Interest received	4,083.0	5,433.8
Interest paid	(3,226.3)	(4,450.1)
Income taxes paid	(59.8)	(97.3)
Payments to suppliers and employees	(205.2)	(96.1)
	591.7	**790.3**
Increase (-)/decrease (+) in short-term marketable securities	565.5	3,710.1
Increase (-)/decrease (+) in current receivables	(109.6)	(83.1)
Increase (+)/decrease (-) in current liabilities	(8.0)	50.2
Increase (-)/decrease (+) in lending to Group companies	(7,462.6)	(2,013.1)
Increase (+)/decrease (-) in borrowing from Group companies	4,397.7	(8,401.3)
Increase (-)/decrease (+) in long-term receivables	(4.1)	0.6
Cash-flow from operating activities	**(2,029.4)**	**(5,946.3)**
Software development	(3.8)	(9.9)
Cash-flow from investing activities	**(3.8)**	**(9.9)**
Group contributions received (+)/granted (-)	(755.7)	(1,284.5)
Issue of interest-bearing securities	56,343.1	37,091.1
Repayment of interest-bearing securities	(42,884.0)	(33,171.9)
Increase in other borrowing	8,933.9	9,871.9
Decrease in other borrowing	(15,462.8)	(9,856.2)
Cash-flow from financing activities	**6,174.5**	**2,650.4**
Cash-flow during the year	4,141.3	(3,305.8)
Cash and cash equivalents, January 1	9,626.5	12,932.3
Cash and cash equivalents, December 31	**13,767.8**	**9,626.5**

Notes – Group and Parent Company

Note 1 Accounting and valuation policies

The consolidated financial statements for Volvo Treasury AB and its subsidiary (Volvo Treasury) have been prepared in accordance with IFRS, International Financial Reporting Standards, issued by IASB, the International Accounting Standards Board, as adopted by the EU. This annual report is prepared in accordance with IAS 1, *Presentation of Financial Statements*, and in accordance with the Swedish Annual Accounts Act. The income statement has been adapted to provide a relevant presentation of the results of the operations. In addition, RFR 1 *Supplementary Rules for Groups* has been applied, issued by the Swedish Financial Reporting Board.

In the preparation of these financial statements, the company management has made certain estimates and assumptions that affect the carrying amounts of assets and liabilities, as well as contingent liabilities at the balance-sheet date and recognized income and expenses. The actual future outcome of certain transactions may differ from the estimated outcome when these financial statements were prepared. Any such differences will affect the financial statements for future accounting periods. See Note 2 for key sources of estimation uncertainty.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company and subsidiaries in which Volvo Treasury AB has a controlling influence.

The consolidated financial statements have been prepared as of January 1, 2013, in accordance with the policies set forth in IFRS 10, *Consolidated Financial Statements*. Intra-Group transactions are eliminated.

Translation to Swedish kronor when consolidating companies using foreign currencies
Volvo Treasury AB's functional currency is Swedish kronor. The functional currency of each Group company is determined based on the primary economic environment in which it operates. The primary economic environment is normally the one in which the company primarily generates and expends cash and cash equivalents. In most cases, the functional currency is the currency of the country where the company is located. In preparing the consolidated financial statements, all items in the income statements of foreign subsidiaries are translated to Swedish kronor at monthly exchange rates. All assets and liabilities items in the balance sheet are translated at exchange rates at the respective year-ends (closing-day rate). The differences in consolidated shareholders' equity arising as a result of variations between closing-day exchange rates are recognized directly in shareholders' equity in the "provisions" category.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency are measured at closing-day rates, in the individual Group companies and in the consolidated accounts. Translation differences arising in financial assets and liabilities are recognized in Profit/loss from other financial transactions.

Financial instruments used for hedging of exchange and interest risks are measured at fair value. Gains on exchange rates are recognized as receivables and losses on exchange rates are recognized as liabilities. Depending on the lifetime of the financial instrument, it is recognized as current or non-current in the balance sheet. The earnings effect from revaluation is recognized in Profit/Loss from other financial transactions.

The exchange rates used in the consolidated financial statements are as follows:

		Average rate	**Average rate**	**As per Dec. 31**	**As per Dec. 31**
Country	**Currency**	**2013**	**2012**	**2013**	**2012**
Singapore	1 SGD	5.20593	5.42207	5.13020	5.32810

Interest income and interest expenses
Interest income pertains to accrued and realized interest on interest-bearing assets and investments. Interest expenses pertain to accrued and realized interest on interest-bearing liabilities and derivatives held to hedge loan receivables and financial liabilities.

Financial instruments measured at fair value through profit and loss
Financial instruments measured at fair value through profit and loss includes realized and unrealized interest gains and losses on short-term investments and derivatives used to hedge interest-bearing assets and investments, and unrealized interest gains/losses pertaining to derivatives held to hedge loan receivables and financial liabilities.

As of January 1, 2013, IFRS 13, *Fair Value Measurement*. See more on the effects and requirements relating to this standard under the section "New accounting policies 2013."

Recognition of financial assets and liabilities
Financial assets that are managed within the framework of IAS 39 are classified as one of the following:

- Financial assets measured at fair value through profit and loss
- Financial assets held to maturity
- Loans and accounts receivable
- Available-for sale financial assets

At present, Volvo Treasury has no financial assets classified in the following categories:

- Financial assets held to maturity
- Available-for sale financial assets

Buying and selling of financial assets and liabilities are recognized on the settlement date, and subsequent re-valuation between the contract date and the settlement date is recognized through profit and loss. A financial asset is derecognized from the balance sheet when all significant risks and benefits linked to the asset have been transferred to an external party. Financial liabilities are derecognized from the balance sheet when the obligation has been met, annulled or has ceased to exist.

Financial assets and liabilities measured at fair value through profit and loss
All of Volvo Treasury's financial instruments that are measured at fair value through profit and loss are classified as held for trading. This includes derivatives to hedge interest-bearing assets and investments, loan receivables and financial liabilities and for which Volvo Treasury has decided not to apply hedge accounting. Gains and losses on these assets are recognized through profit and loss. Short-term investments that are measured at fair value mainly consist of interest-bearing financial instruments and are reported in Note 13.

The fair value of assets and liabilities is determined based on the market prices in cases they exist. If market prices are unavailable, the fair value is determined using various measurement techniques. Volvo Treasury has primarily used official rates or prices listed in the capital market. In their absence, the measurement has been made by discounting future cash flows at the market interest rate for each maturity. Transaction expenses are included in the assets' fair value, except in the cases in which value changes are recognized through profit and loss.

Loan receivables and accounts receivable
Loan receivables and accounts receivable are non-derivative financial assets with fixed or determinable payment plans that are not traded in an active market. After initial recognition, loan receivables and accounts receivable are measured at amortized cost according to the effective interest method. Gains and losses are recognized through profit and loss when the loans or receivables are divested or impaired, as well as in pace with the accrued interested being recognized.

Financial liabilities measured at amortized cost
Financial liabilities other than derivatives are measured at amortized cost. Transaction costs in connection with raising financial liabilities are amortized over the loan's duration as a financial expense using the effective interest method.

Hedge accounting
Financial instruments used to hedge risks in financial assets and liabilities have, in accordance with IAS 39, been recognized at market value in the balance sheet. Under the complex rules in IAS 39, Volvo Treasury has chosen only to apply hedge accounting for financial instruments used to hedge interest and currency risks on loans for cases when it, after an individual assessment, is considered adequate from a risk perspective and when hedge accounting requirements are fulfilled. For 2013, hedge accounting (fair-value hedge) has only been applied for a loan of approximately EUR 1 billion raised in 2007. The changes in the fair value of the outstanding hedge instruments that are formally identified as fair value hedges, together with any changes in the fair value attributable to the hedged risk, are thus recognized through profit and loss.

Volvo Treasury regularly tests the effectiveness of hedging instruments. Hedging is considered to be effective when the nominal amount, term, dates for interest payments and payments of nominal amounts, and the basis for measuring interest rates are the same for the hedging instrument and the hedged item. If the hedging does not fulfill the criteria for hedge accounting, the adjustment of the carrying amount of the hedged item will be recognized through profit and loss over the remaining term.

Fluctuations in the market value of financial instruments entered into to manage risks in financial assets and liabilities for which hedge accounting is not applied, are charged against unrealized gains and losses in the income statement. For further information see Note 22 Financial risks and instruments.

Valuation, depreciation, amortization and impairments of intangible and tangible fixed assets

Volvo Treasury recognizes intangible and tangible fixed assets at cost less depreciation. Depreciation is based on the historical cost of the assets, adjusted in appropriate cases by impairments, and estimated useful lives.

Depreciation periods

Software development	5 years
Equipment	5 years

Pensions and similar commitments

Volvo Treasury applies IAS 19, *Employee Benefits*, for pensions and similar commitments. Effective as from January 1, 2013 IAS 19 was revised. The revised standard is being applied retrospectively and, accordingly, the opening balances for the 2012 fiscal year have been adjusted and the recognized amounts for 2012 restated to enable comparison. In accordance with IAS 19, actuarial calculations must be made for all defined-benefit plans in order to determine the present value of the Volvo Treasury Group's commitments pertaining to unvested benefits for current and former employees. The actuarial calculations are prepared annually and are based on actuarial assumptions that are determined close to the balance-sheet date. Changes in the present value of commitments due to revised actuarial assumptions and experience-based assumptions comprise remeasurements.

Provisions for pension benefits and similar commitments in Volvo Treasury Group's balance sheet correspond to the present value of the commitments at the balance-sheet date, less fair value of plan assets. According to the revised IAS 19, the discount rate of interest is applied in calculating the net interest income/expense on the net pension liability (the asset). All changes in the net pension liability (the asset) are recognized as they occur, service costs and net interest expense (revenue) are recognized in profit and loss, while remeasurements, such as actuarial gains and losses are recognized in other comprehensive income. The special employers' contribution is included in the pension liability. The special employers' contribution pertains to the Swedish plan.

For defined-contribution plans, premiums are expensed as incurred.

Income taxes

Tax on income for the year comprises current and deferred tax. Taxes are recognized in profit and loss, except when the tax relates to items recognized in other comprehensive income or directly in shareholders' equity. In such cases, the tax is also recognized in other comprehensive income and shareholders' equity.

Tax legislation in Sweden and other countries sometimes contains rules other than those identified in generally accepted accounting policies, with respect to the timing of taxation and measurement of certain commercial transactions. Deferred taxes are recognized for the differences that arise between the taxable value and carrying amount of assets and liabilities, so-called temporary differences, as well as on tax loss carryforwards. However, with regard to the measuring of deferred tax assets, that is, the value of future tax reductions, these items are recognized provided that it is probable that the amounts can be utilized against future taxable surplus.

Group contributions
Under certain circumstances, profits may be transferred in the form of Group contributions between companies within the same group. Contributions paid are normally a tax-deductible cost for the giver and taxable income for the receiver. Recognition of Group contributions is in accordance with the alternative rule in RFR2. Group contributions are recognized among appropriations.

Cash-flow statement
The cash-flow statement is prepared in accordance with IAS 7, *Cash-flow statement*, applying the direct method showing recognized changes in operating receivables and liabilities during the period. The cash-flow statements of foreign Group companies are translated at the average rate.

Cash and cash equivalents include cash, bank balances, as well as marketable securities, with date of maturity within three months from the time of acquisition. Other marketable securities comprise interest-bearing securities, the majority of which have terms exceeding three months. However, these securities have high liquidity and can easily be converted to cash.

Segment reporting
Volvo Treasury's operations are conducted within a single line of business and consequently do not give rise to segment reporting. Geographically, the operations are conducted primarily in two countries – Sweden and Singapore. Since the operations in Singapore are limited in scope, segment reporting as per IFRS 8, *Operating Segments*, is not applied. The Parent Company represents the Swedish operations. The difference between the Group and the Parent Company is mainly the Singapore operations.

Share-related payments
Volvo Treasury applies IFRS 2, *Share-based Payments for share-based incentive programs.* IFRS 2 distinguishes between "cash-settled" and "equity-settled," in Volvo's case, shares. Volvo Treasury AB's President and two senior executives of the Volvo Treasury Group are included in the Volvo Group's incentive program. The AB Volvo program includes both cash and equity remuneration. The details of the program are presented in Note 27 of the Volvo Group's Annual Report. The cost of this program, based on the fair value of the benefit at the time of its allotment, is recognized in accordance with IFRS 2 during the vesting period and is charged to profit and loss through offset accounting in shareholders' equity within the category of retained earnings for programs to be settled with shares, which is the case for the program in which the Company's senior executives participates. In addition to the cost of the program, the cost of social security contributions is also charged to the Company.

New accounting policies in 2013
As of January 1, 2013, the Volvo Treasury Group applies the following new accounting standards:

IFRS 10 Consolidated financial statements, IFRS 12 Disclosure of interest in other entities, amendments to *IFRS 10* and *IFRS 12, IFRS 13 Fair value measurement*, amendments to *IAS 1 Presentation of financial statements*, amendments to *IAS 36 Impairment of assets*, amendments to *IFRS 7 Financial instruments: Disclosures* and *IAS 19 Employee benefits*.

(revised in 2011). The accounting standards with significance for Volvo Treasury's Annual Report are named below.

IAS19 Employee Benefits (revised)
The largest change in accounting terms is that the Group has ceased to recognize defined-benefit pension commitments in accordance with the so-called corridor method in accordance with IAS 19 (revised). The new accounting policies have been applied retrospectively and comparative figures for 2012, except for cash-flow information, have been restated and do not correspond with the figures presented in the Volvo Treasury Group's 2012 Annual Report. More information can be found in the section "Pensions and similar obligations" in Note 1. Information on the effects of the new accounting policy is presented in the table below:

Interest income	**2012**
Carrying value according to previous Annual report	5,186.7
Change in value of defined-benefit pensions	(0.6)
Carrying value after change of accounting principle	**5,186.1**

Administrative expenses	**2012**
Carrying value according to previous Annual report	(101.9)
Change in value of defined-benefit pensions	0.8
Carrying value after change of accounting principle	**(101.1)**

Other comprehensive income	**2012**
Carrying value according to previous Annual report	317.9
Change in value of defined-benefit pensions, accounted in the net result	0.2
Items that will not be reclassified to income statement:	
Change in value of defined-benefit pensions	(6.8)
Carrying value after change of accounting principle	**311.3**

Other long term receivables	**Jan. 1, 2012**	**Dec. 31, 2012**
Carrying value according to previous Annual report	1,442.7	1,001.3
Change in value of defined-benefit pensions	4.2	6.1
Carrying value after change of accounting principle	**1,446.9**	**1,007.4**

Shareholders' equity	**Jan. 1, 2012**	**Dec. 31, 2012**
Carrying value according to previous Annual report	14,998.2	15,316.1
Change in value of defined-benefit pensions	(14.8)	(21.4)
Carrying value after change of accounting principle	**14,983.4**	**15,294.7**

Provision for post-employment benefits	**Jan. 1, 2012**	**Dec. 31, 2012**
Carrying value according to previous Annual report	1.6	3.9
Change in value of defined-benefit pensions	19.0	28.1
Carrying value after change of accounting principle	**20.6**	**32.0**

Other current liabilities	**Jan. 1, 2012**	**Dec. 31, 2012**
Carrying value according to previous Annual report	2,518.2	1,675.4
Change in value of defined-benefit pensions	-	(0.6)
Carrying value after change of accounting principle	**2,518.2**	**1,674.8**

IFRS 7 Financial instruments: Disclosures
This amendment contains requirements for new disclosures to facilitate comparison of companies that prepare their financial statements in accordance with IFRS in relation to companies that prepare their financial statements in accordance with US GAAP.

IFRS 13 Fair Value Measurement
IFRS 13 aims to establish a single source of guidance for fair value measurement and disclosures of fair value measurements. IFRS 13 does not change the requirement regarding which items should be recognized or disclosed at fair value. The standard is to be applied prospectively and comparative disclosures are not required. IFRS 13 requires us to take into account factors that are specific to the transactions and to the asset or liability. In accordance with IFRS 13, consideration must be given to the effect of own credit risk in the valuation of financial liabilities at fair value. In many cases, the transaction price will equal the fair value. The scope of IFRS 13 applies to all transactions and balances (financial or non-financial) for which IFRS requires or permits fair value measurements, except for share-based payment transactions and leasing transactions. The standard is not considered to have a material effect on Volvo Treasury Group.

New accounting policies 2014 and later
When preparing the consolidated accounts as of December 31, 2013, a number of standards and interpretations have been published, but have not yet come into effect. The following is a description of the effect of the future policy amendments that may have a significant impact on Volvo Treasury's financial statements.

*IFRS 9 Financial instruments**
IFRS 9 has been published in three parts: Classification and Measurement, Impairment and Hedge accounting, which will replace the current IAS 39. An overall opinion of how the introduction of IFRS 9 will impact the Volvo Treasury Group will be issued in conjunction with the publication of the final version of all three parts of the project. The timing of compulsory application of IFRS 9 has been removed from the standard (formerly January 1, 2015) and thus this date is currently unknown.

*This standard has not been adopted by the EU at the publication of this annual report. Accordingly, dates stated for adoption may change as a consequence of decisions within the EU endorsement process.

Parent Company
The Parent Company applies the Annual Accounts Act and RFR 2 *Accounting for legal entities*. The recommendation means that legal entities whose securities are listed on a Swedish stock exchange or authorized marketplace as a main rule shall apply the IFRS/IAS as applied in the consolidated accounts.

Volvo Treasury has adopted IAS 19 *Employee Benefits* in its financial reporting for the Group. The Parent Company applies the policies of FAR SRS, recommendation RedR 4, *Accounting of pension liabilities and pension costs*, as in prior years. Consequently, there are differences between the accounting for defined-benefit pension plans, as well as in valuation of plan assets invested in the Volvo Pension Foundation.

Note 2 Key sources of estimation uncertainty
Volvo Treasury's most important accounting policies are set out in Note 1, Accounting Policies and conform to IFRS as adopted by the EU. The preparation of Volvo Treasury's

consolidated financial statements requires the use of a number of estimates and assumptions that may affect the recognized amounts of assets, liabilities and provisions at the date of the financial statements. In preparing these financial statements, Volvo Treasury had to make its best possible assessments of certain amounts included in the financial statements, giving due consideration to relevance and significance. The application of the accounting policies mentioned in Note 1 involves making a number of estimates and assumptions, but since future results are currently uncertain, these assessments may result in a difference between the actual outcome and these estimates. In accordance with IAS 1, the company must provide specific information about the accounting policies that may have a significant impact on the estimates and assumptions made and which, if actual results are different, may have a material impact on the financial statements. The accounting policies applied by Volvo Treasury that are deemed to meet these criteria are presented below.

Valuation of financial instruments
As presented in Note 1, Volvo Treasury applies IAS 39, *Financial Instruments: Recognition and Measurement* and IFRS 13, *Fair value measurement*. In accordance with IAS 39, all derivatives shall be recognized at fair value in the balance sheet and the method is also clarified in IFRS 13. In establishing the fair values of financial instruments, Volvo Treasury has primarily used official rates or prices quoted on the capital markets. In their absence, the measurement was made by discounting future cash flows at the market interest rate for each maturity. The starting point for the interest rate is the zero coupon curve for each currency, from which a present value computation is made of anticipated future cash flows. For foreign exchange contracts, the starting point is the forward surcharge based on the applicable spot rate for each currency and the future timing of balance-sheet date. Based on the applicable forward rates, a present value computation is then made on the balance-sheet date. All recognized fair values represent values that may not necessarily be realized. Note 22 describes the policy for matching of assets and liabilities and how derivatives are used, and the sensitivity analyses in changes in the interest rates on the Company's cash and cash equivalents and liabilities for the Volvo's Group's industrial segment. Assets and liabilities held for the Volvo Group's customer financing segment are matched in accordance with the Volvo Group policy.

Pensions and other similar commitments
Provisions and costs for post-employment remuneration, mainly pensions and health-care benefits, are dependent on assumptions made in calculating the amounts. The appropriate assumptions and actuarial calculations are made separately for each country in which AB Volvo has operations. The assumptions include discount rates, health-care cost trends, inflation, salary growth, long-term return on plan assets, retirement rates, mortality rates and other factors. The actuarial assumptions are reviewed by the Volvo Group on an annual basis and modifications are made to them when deemed appropriate. The Volvo Treasury Group is included in this annual review. See Note 16 for applied assumptions in actuarial calculations.

Note 3 Interest income

	Group		Parent Company	
	2013	**2012**	**2013**	**2012**
Interest	4,100.0	5,186.1	4,066.3	5,119.9
Total	**4,100.0**	**5,186.1**	**4,066.3**	**5,119.9**

Of the above stated amount, SEK 3,958.7 M (4,931.3) pertains to interest received for the Group from other companies within the Volvo Group. The corresponding amounts for the Parent Company are SEK 3,925.8 M (4,864.9).

Note 4 Interest expense

	Group		Parent Company	
	2013	**2012**	**2013**	**2012**
Interest	3,203.8	4,073.3	3,219.3	4,068.6
Total	**3,203.8**	**4,073.3**	**3,219.3**	**4,068.6**

Of the above stated amount, SEK 549.7 M (747.9) pertains to interest expense for the Group from other companies within the Volvo Group. The corresponding amounts for the Parent Company are SEK 671.8 M (918.6).

Note 5 Administrative expenses

Salaries, other remuneration and social expenses

	2013			2012		
	Salaries and remuneration	**Social costs**	**of which pension costs**	**Salaries and remuneration**	**Social costs**	**of which pension costs**
Parent Company	32.5	10.2	8.3	32.3	10.2	8.9
Subsidiaries	7.3	-	0.5	6.9	-	0.6
Group	**39.8**	**10.2**	**8.8**	**39.2**	**10.2**	**9.5**

Of the Parent Company's pension costs, 0.8 (0.9) pertains to the Board and President, outstanding pension commitments to these individuals amount to 0.4 (0.3). The corresponding amounts for the Group are amounted to 0.9 (0.9) and 0.4 (0.3), respectively.

The cost of non-monetary benefits in the Group amounted to 3.7 (3.3), of which 0.2 (0.3) to the Board of Directors and the President. The cost of non-monetary benefits in the Parent Company amounted to 1.1 (1.1), of which 0.1 (0.1) to the Board of Directors and the President.

The Volvo Group 2011 Annual General Meeting's approval of a long-term share-based incentive program for senior executives in the Volvo Group is presented in Note 27 of the Volvo Group's Annual Report on page 157. In 2013, there were no costs for this incentive program. The cost for this program in 2012 amounted to SEK 0.5 M for the Parent Company and SEK 0.7 M for the Group.

Salaries and other remuneration by country and among Board members, etc., and other employees

	2013			2012		
Parent Company	Directors and President	of which bonuses, etc.	Other employees	Directors and President	of which bonuses, etc.	Other employees
Sweden	2.3	0.3	30.1	2.6	0.4	29.8
Total in Parent Company	**2.3**	**0.3**	**30.1**	**2.6**	**0.4**	**29.8**
Subsidiaries, outside Sweden	1.8	0.5	5.4	2.0	0.7	4.9
Total subsidiaries	**1.8**	**0.5**	**5.4**	**2.0**	**0.7**	**4.9**
Group total	**4.1**	**0.8**	**35.5**	**4.6**	**1.1**	**34.7**

The Company's President has a notice of termination of six months on his own accord and a 12-month notice of termination from Volvo Treasury AB, and thereafter the right to severance pay corresponding to 12 months.

Depreciation/amortization

Depreciation/amortization of tangible and intangible fixed assets amounted to 3.2 (1.6) in the Group and to 3.2 (1.5) in the Parent Company.

Fees and other remuneration to auditors

Audit involves examination of the annual report and financial accounting and the administration by the Board of Directors and the President. Audit-related assignments mean other quality assurance services required by enactment, articles of association, regulations or agreement. The amount includes fees for interim reviews. Tax services include both tax consultancy and tax compliance services. All other services are defined as other assignments.

PricewaterhouseCoopers	Group		Parent Company	
	2013	2012	2013	2012
Audit assignment	1.4	1.1	0.9	0.6
Audit related services	0.3	0.2	0.2	0.2
Tax services	0.3	0.4	-	-
Other assignments	-	-	-	-
Total	**2.0**	**1.7**	**1.1**	**0.8**

Note 6 Income tax

	Group 2013	Group 2012	Parent Company 2013	Parent Company 2012
Current tax for the period	(71.7)	(107.7)	(62.2)	(97.5)
Adjustment of current tax for prior periods	0.1	0.4	0.1	0.0
Deferred tax arising or reversed during the period	0.6	-	-	0.4
Total	**(71.0)**	**(107.3)**	**(62.1)**	**(97.1)**

The main reasons for differences between tax according to current tax rate 22% (26.3%) and recognized income tax for the period are stated in the table below.

	Group 2013	Group 2012	Parent Company 2013	Parent Company 2012
Income before taxes	**339.6**	**426.0**	**282.5**	**368.3**
Tax according to current tax rate	(74.7)	(112.0)	(62.2)	(96.9)
Difference due to different countries' tax rates	2.0	4.3	-	-
Other non-taxable income	-	0.5	-	0.5
Other non-deductible expenses/income	0.3	(0.7)	-	(0.7)
Taxes related to prior year	0.1	-	0.1	-
Deferred tax	-	-	-	-
Other, net	1.3	0.6	-	-
Total	**(71.0)**	**(107.3)**	**(62.1)**	**(97.1)**

Note 7 Deferred tax

During the year reversal (accrual) of deferred tax in the Group has reduced (increased) the income tax in the consolidated income statement for the year by negative 0.7 (neg. 1.6). Corresponding change of deferred tax which has been accounted through the other comprehensive income is accrued (reversed) with negative 2.9 (0.7).

Deferred tax amounted to 7.1 (9.3) are recognized in the non-current receivables. Deferred tax related to temporary differences on provisions for pensions for the Group is the most significant and amounts to 6.8 (8.8).

Note 8 Intangible assets

	Group		Parent Company	
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
Capitalized development costs				
Opening cost	16.7	6.8	16.7	6.8
Capital expenditures	3.8	9.9	3.8	9.9
Closing amortized cost	**20.5**	**16.7**	**20.5**	**16.7**
Opening accumulated depreciation	(5.0)	(3.6)	(5.0)	(3.6)
Depreciation for the year	(3.1)	(1.4)	(3.1)	(1.4)
Closing accumulated depreciation according to plan	**(8.1)**	**(5.0)**	**(8.1)**	**(5.0)**
Closing residual value according to plan	**12.4**	**11.7**	**12.4**	**11.7**

Note 9 Tangible assets

	Group		Parent Company	
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
Equipment				
Opening cost	3.5	3.4	2.4	2.4
Purchases	-	0.1	-	-
Closing amortized cost	**3.5**	**3.5**	**2.4**	**2.4**
Opening accumulated depreciation	(2.8)	(2.6)	(1.8)	(1.7)
Depreciation for the year	(0.1)	(0.2)	(0.1)	(0.1)
Closing accumulated depreciation according to plan	**(2.9)**	**(2.8)**	**(1.9)**	**(1.8)**
Closing residual value according to plan	**0.6**	**0.7**	**0.5**	**0.6**

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Note 10 Financial assets

Participations in subsidiaries	Parent Company	
	Dec. 31, 2013	**Dec. 31, 2012**
Opening cost	224.6	224.6
Closing residual valute according to plan	**224.6**	**224.6**

	Registered office in	Percentage holding	Voting share	No, of rights participations / shares	Carrying amount kSEK
Volvo Treasury Asia Ltd	Singapore	100%	100%	20,025,000	224,608
Total					**224,608**

Note 11 Other long-term receivables

Other long-term receivables in the Group and Parent Company pertain in all material respects to unrealized result from derivatives entered into to hedge receivables and liabilities in foreign currencies.

Note 12 Other current receivables

	Group		Parent Company	
	Dec. 31, 2013	**Dec. 31, 2012**	**Dec. 31, 2013**	**Dec. 31, 2012**
Tax assets	2.2	0.7	2.2	0.4
Accrued interest income and prepaid interest expenses	1,002.4	989.4	998.6	988.7
Other accrued income and prepaid expenses	68.6	2.2	67.4	1.8
Unrealized gains on derivative contracts	888.3	1,724.2	824.0	1,716.0
Other current receivables	448.4	404.1	448.1	404.1
Total	**2,409.9**	**3,120.8**	**2,340.3**	**3,111.0**

Note 13 Marketable securities

Marketable securities consist of interest-bearing securities, distributed as follows:

	Group		Parent Company	
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
Government securities	249.6	-	249.6	-
Banks and financial institutions	896.5	492.9	896.5	492.9
Real estate financial institutions	1,286.3	2,505.1	1,286.3	2,505.1
Total	**2,432.4**	**2,998.0**	**2,432.4**	**2,998.0**

Note 14 Cash and cash equivalents

	Group		Parent Company	
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
Cash in banks	11,284.3	7,915.7	11,230.7	7,866.3
Time deposits in banks	2,537.1	1,760.2	2,537.1	1,760.2
Total	**13,821.4**	**9,675.9**	**13,767.8**	**9,626.5**

Cash and cash equivalents in the Group and Parent Company at December 31, 2013, include SEK 0.3 M (-) that are not available for use.

Note 15 Group contributions

Group contributions of SEK 1,100.0 M (1,500.0) were paid to AB Volvo and SEK 522.0 M (744.3) was received from Sotrof AB.

Note 16 Provisions for pensions and similar commitments

Post-employment remuneration, such as pensions and other remuneration are mainly settled by means of regular payments to independent authorities or bodies that assume pension commitments for employees through defined-contribution plans. The remaining portion is fulfilled through defined-benefit plans (applies only in Sweden), where the commitments remain within the Volvo Group or are transferred to pension trusts.

In the tables on the following page, disclosures are provided regarding the defined-benefit pension plan. Volvo recognizes the difference between outstanding commitments and the value of the managed assets in the balance sheet. The disclosures pertain to the assumptions applied in the actuarial computations, recognized costs during the reporting period and the value of commitments and managed assets at the end of the period. In addition, changes in the value of commitments and managed assets during the period are specified. More information about the defined-benefit pension plan can be found in the 2013 Volvo Group Annual Report, Note 20, where information regarding investment strategy and risk management is presented.

Applicable assumptions for actuarial calculations (Sweden)	Dec. 31, 2013	Dec. 31, 2012
Discount rate	4.0	3.3
Expected salary increase	3.0	3.0
Inflation	1.5	1.5

Pension costs during the year	Dec. 31, 2013	Dec. 31, 2012
Current service costs	(2.7)	(1.8)
Interest costs	(2.0)	(1.8)
Interest income	0.9	0.9
Total pension costs for defined-benefit plans	**(3.8)**	**(2.7)**
Pension costs for defined-contribution plans	(4.5)	(6.2)
Total pension costs	**(8.3)**	**(8.9)**

The discount rate was determined based on mortgage bond interest rates.

Obligations in defined-benefit plans	2013	2012
Obligations at January 1	59.2	48.2
Defined-benefits earned during the year	2.7	1.8
Interest costs	2.0	1.8
Remeasurements		
-Effect of change in demographic assumptions	*(1.4)*	-
-Effect of changes in financial assumptions	*(10.8)*	*3.4*
-Effect of experience adjustments	*0.4*	*4.4*
Benefits paid	(0.5)	(0.4)
Obligations at December 31	**51.6**	**59.2**
Of which, funded defined-benefit plans	51.6	59.2

Fair value of plan assets in funded plans	2013	2012
Plan assets at January 1	27.2	25.1
Interest income	0.9	0.9
Remeasurements	1.3	1.2
Employer contribution	1.5	0.0
Plan assets at December 31	**30.9**	**27.2**

Net provisions for post-employment benefits

	Group	
	Dec. 31, 2013	Dec. 31, 2012
Funded status at December 31	20.7	32.0
Net provisions for post-employment benefits at December 31	**20.7**	**32.0**

	Parent company	
	Dec. 31, 2013	**Dec. 31, 2012**
Provisions		
Provisions for pensions, PRI-pensions	4.6	6.0
	4.6	**6.0**
Net present value of pension obligations	35.6	33.2
secured through		
The company's share of the net assets of the pension funds	31.0	27.2
Provisions for pensions	4.6	6.0
Pension obligations guaranteed by PRI	35.6	33.2

Note 17 Non-current liabilities

Group	Bond loans	Other liabilities to credit institutions	*Of which, derivative contracts*	Liabilities to companies in the Volvo Group
Due date	**Dec. 31, 2013**	**Dec. 31, 2013**	***Dec. 31, 2013***	**Dec. 31, 2013**
2015	12,679.1	4,077.9	*78.8*	21.9
2016	14,278.2	8,871.8	*128.6*	1,124.0
2017	12,428.2	2,674.8	*54.4*	1,419.0
2018	1,594.9	2,471.0	*8.5*	-
2019	2,684.1	492.4	*44.8*	-
2020-	2,094.4	45.0	*45.0*	-
Total	**45,758.9**	**18,632.9**	***360.1***	**2,564.9**

Parent Company	Bond loans	Other liabilities to credit institutions	*Of which, derivative contracts*	Liabilities to companies in the Volvo Group
Due date	**Dec. 31, 2013**	**Dec. 31, 2013**	***Dec. 31, 2013***	**Dec. 31, 2013**
2015	12,679.1	2,861.5	*78.8*	949.0
2016	14,278.2	7,237.6	*127.1*	2,670.9
2017	12,428.2	2,055.8	*53.9*	1,419.0
2018	1,594.9	2,471.0	*8.3*	-
2019	2,684.1	492.4	*44.8*	-
2020-	2,094.4	45.0	*45.0*	-
Total	**45,758.9**	**15,163.3**	***357.9***	**5,038.9**

Unrealized exchange-rate losses and market-value adjustment pertaining to derivative contracts with remaining maturities of more than one year are also recognized under non-current liabilities.

Granted but unutilized non-current credit facilities that may be utilized unconditionally amounted to SEK 31,867 M at year-end. These facilities consisted of stand-by facilities for loans with varying maturities between 2015 and 2017. A fee is normally charged for the credit facilities that were granted, and is recognized in profit or loss under other financial income and expenses. In prior years, costs for credit facilities were invoiced onward to AB Volvo, but this did not occur in 2013.

The following list shows the Group's and Parent Company's non-current liabilities in which the largest loans are distributed by currency and their carrying amounts. Information on loan terms pertains to the Group as of December 31, 2013. The loan terms for the Parent Company are contained in the ranges stated below.

Bond loans	**Actual interest rate**	**Effective interest rate**	**Group**		**Parent company**	
	Dec. 31, 2013	**Dec. 31, 2013**	**Dec. 31, 2013**	**Dec. 31, 2012**	**Dec. 31, 2013**	**Dec. 31, 2013**
EUR 2007-2013/2015-2028	0,74-5,04	0,74-5,04	19.882,8	20.725,0	19.882,8	20.725,0
SEK 2007-2013/2015-2018	1,76-5,04	1,77-5,04	19.437,0	15.130,8	19.437,0	15.130,8
USD 2009-2013/2015-2016	0,42-5,98	0,42-5,98	5.246,3	4.861,1	5.246,3	4.861,1
JPY 2013/2016	0,60	0,60	123,6	-	123,6	-
CNH 2012/2015	3,80	3,80	1.069,2	522,7	1.069,2	522,7
GBP 2009/2014	-	-	-	1.046,9	-	1.046,9
Total			**45.758,9**	**42.286,5**	**45.758,9**	**42.286,5**

Other liabilities to credit institution	**Actual interest rate**	**Effective interest rate**	**Group**		**Parent company**	
	Dec. 31, 2013	**Dec. 31, 2013**	**Dec. 31, 2013**	**Dec. 31, 2012**	**Dec. 31, 2013**	**Dec. 31, 2012**
AUD 2012-2013/2015-2016	3,74-6,05	3,79-6,05	515,9	690,1	141,5	351,8
EUR 2012/2019	1,59	1,6	881,4	1.293,9	881,4	1.311,7
JPY 2007-2013/2015-2018	0,51-1,31	0,51-1,31	7.710,8	5.598,7	4.618,3	2.192,7
DKK 2011/2014	-	-	-	231,2	-	231,2
GBP 2011/2014	-	-	-	892,3	-	892,3
SEK 2007-2011/2015-2017	1,16-2,91	1,17-2,94	4.180,1	4.346,8	4.180,1	4.346,8
USD 2008-2009/2016-2018	0,47-2,10	0,47-2,11	4.984,2	5.353,6	4.984,2	5.353,6
Derivatives	0	0	360,5	2.461,2	357,8	2.440,2
Total			**18.632,9**	**20.867,8**	**15.163,3**	**17.120,3**

The list below shows the currency distribution of the Group's and the Parent Company's long-term borrowing as at December 31, 2013, with consideration taken to currency derivatives (nominal amounts) linked to the non-current liabilities.

	Group				**Parent Company**		
	Loan	**Derivative**	**Total**		**Loan**	**Derivative**	**Total**
EUR*	21,935.1	(4,400.3)	17,534.8	EUR	21,935.1	(4,611.6)	17,323.5
JPY	7,834.4	12.1	7,846.5	JPY	4,741.9	12.1	4,754.0
SEK	23,617.1	1,164.0	24,781.1	SEK	23,617.1	1,164.0	24,781.1
USD	10,230.5	1,394.8	11,625.3	USD	10,230.5	1,394.8	11,625.3
Others	1,585.0	1,619.3	3,204.3	Övriga	1,210.6	1,817.5	3,028.1
	65,202.1	**(210.1)**	**64,992.0**		**61,735.2**	**(223.2)**	**61,512.0**

*The table above shows the market value of EURO bond loans attributable to hedge accounting, which is recognized net against the fair value of financial derivatives that hedge the risk. The fair value of the hedged risk amounted to SEK 1,171 M (1,477).

Note 18 Current liabilities to credit institutions

	Group		Parent Company	
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
Other loans	29,618.2	30,760.5	27,159.8	27,158.4
Unrealized exchange loss on derivative contracts	1,748.3	27.8	1,735.0	25.1
Total	**31,366.5**	**30,788.3**	**28,894.8**	**27,183.5**

Granted overdraft facilities amount to SEK 999.1 M (986.1) in the Group and SEK 986.1 M (973.1) in the Parent Company.

Note 19 Other current liabilities

	Group		Parent Company	
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
Tax liability	8.7	9.7	-	-
Wages, salaries and tax-at-source	18.9	16.2	18.8	16.1
Accrued interest expenses and prepaid interest income	1,472.4	1,486.3	1,462.3	1,474.7
Accrued expenses and deferred income	8.3	10.3	5.7	8.1
Unrealized loss on derivative contracts	140.8	146.7	141.4	28.6
Other current liabilities	0.2	5.5	0.2	5.5
Total	**1,649.3**	**1,674.8**	**1,628.4**	**1,533.0**

Note 20 Pledged assets

	Group		Parent Company	
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
For own obligations				
Nasdaq OMX	40.0	-	40.0	-
Optionsmäklarna (OM)	-	32.0	-	32.0
Total pledged assets	**40.0**	**32.0**	**40.0**	**32.0**

Note 21 Contingent liabilities

	Group		Parent Company	
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
Contingent liabilities on behalf of other Group companies	447.6	431.3	447.6	431.3
Other contingent liabilities	0.7	0.6	0.7	0.6
Total contingent liabilities	**448.3**	**431.9**	**448.3**	**431.9**
Contingent liabilities received from other Group companies, which reduce net obligations	(447.6)	(431.3)	(447.6)	(431.3)

Note 22 Financial risks and instruments

Volvo Treasury is exposed, through its operations, to various financial risks. Group-wide policies, which are updated and established annually, provide the foundation for the management of these risks. Volvo Treasury conducts its operations within established risk mandates and limits. The following section describes the implication of different financial risks and the goals and policies involved in managing these risks. For further information, see Note 4, *Goals and policies regarding financial risk*, in the Volvo Group Annual Report. Volvo Treasury's accounting policies pertaining to financial instruments and hedge accounting are described in Note 1.

Currency risk

Financial currency exposure

The contents in the recognized balance sheet may be impacted by fluctuations in various exchange rates. Currency risks in Volvo Treasury's operations are related to changes in the value of loans and investments (financial currency exposure) and changes in the value of assets and liabilities in foreign subsidiaries (currency exposure of shareholders' equity). Loans and investments occur in different currencies, partly on the capital markets and partly with companies in the Volvo Group. Investments and borrowing occur mainly in SEK, EUR, USD and JPY. Different types of derivatives are used to minimize financial currency exposure. Using derivative instruments such as currency swaps, currency forwards enables Volvo Treasury to meet the borrowing and lending requirements of Group companies in different currencies, without increasing the Company's own risk.

In accordance with the Volvo Group's currency risk policy, Volvo Treasury uses currency derivatives to minimize the risk of currency effects on the Volvo Group's consolidated income. For commercial currency exposure, Volvo Treasury has had, through a new policy adopted by the Board of AB Volvo, a mandate since 2012 to enter currency derivatives with external counterparties on behalf of the Volvo Group without entering corresponding contracts with Group companies (within the Volvo Group).

The Volvo Group hedges only contracted flows, of which the largest portion is realized within six months. Hedged flows occur mainly in SEK and USD. In 2013, hedging also occurred of SEK against CNY for future cash flow related to the Volvo Group's acquisition of Dongfeng Commercial Vehicles, where the result of unrealized and realized currency-rate gains and losses amounted to SEK 283 M (-). If the USD or CNY rose 10 percent against the SEK from the rate at December 31, 2013, the market value of USD futures would be negatively affected in an amount of SEK 185 M and CNY futures would be affected positively in an amount of SEK 459 M.

Currency exposure of shareholders' equity

The consolidated value of assets and liabilities in foreign subsidiaries is influenced by exchange rates in conjunction with translation into Swedish kronor. Net assets in foreign subsidiaries amounted to SEK 209.8 M at year-end 2013. Net assets in foreign subsidiaries were not hedged through loans in foreign currencies, in line with the policy established by AB Volvo's Board of Directors.

Interest-rate risk

Interest-rate risk refers to the risk that changes in interest rates will influence the consolidated earnings and cash flow (cash-flow risk) or the fair value of financial assets and liabilities (price risk). Lending to the Volvo Group's customer finance operations involves a range of maturities and interest-fixing terms. This lending is financed through short and long-term borrowing via the capital markets at floating and fixed interest rates. Within the framework of established limits, financing must match lending in terms of maturities. Interest-fixing terms between borrowing and lending are matched through the use of such derivative instruments as interest-rate swaps, currency interest-rate swaps, forward contracts and standardized interest-rate forward contracts. Financial assets and liabilities related to the Volvo Group's customer finance operations are matched so as to minimize the exposure to cash-flow risk and price risk. For practical and business reasons, Volvo Treasury AB has a mandate to a match rate of 80%. At the end of 2013, this match rate was 95% (89%). An assumption that the market interest rates for all currencies were to suddenly rise one percentage point from the interest level at December 31, 2013, the market value of the portfolio would be affected positively by SEK 5 M. Nor would the interest change have any material effect on Volvo Treasury's profit after net financial items over time.

Borrowing and lending from and to the industrial operations of the Volvo Group primarily takes place through the Volvo Group's accounts in various currencies. Volvo Treasury administrates the Volvo Group accounts, which implies that surpluses and deficits with respect to external banks are offset through short-term currency transactions and that any excess liquidity is invested in short-term and long-term money and capital markets.

Financing for the Volvo Group's industrial operations involves a fixed as well as a floating interest rate. Short and long-term borrowing is carried out via the capital markets and through bilateral loans. The use of such derivative instruments as interest swaps and currency interest swaps creates an interest-fixing term corresponding between one to three months. After taking derivative instruments into account, the average effective interest rate at year-end on financing outstanding for the Volvo Group's industrial operations was 2.24%. If the market interest rates for all currencies suddenly rose one percentage point from the interest level at December 31, 2013, the market value of financing for the Volvo Group's industrial operations would be affected positively by SEK 120 M.

Surplus liquidity within the Volvo Group is managed by Volvo Treasury AB. This management involves investment in bank accounts and in interest-bearing securities on the money and capital markets. At the end of 2013, the Volvo Treasury Group's interest-bearing assets mainly comprised cash and cash equivalents invested in interest-bearing securities with short maturities. The objective for cash and cash equivalents invested in interest-bearing securities is to achieve a return corresponding to a three month fixed term security. Taking derivatives into account, the average effective interest rate on these cash and cash equivalents at December 31, 2013, was 0.72%. If the market interest rates for all currencies suddenly rose one percentage point from the interest level at December 31, 2013, the market value of investments in the money and capital markets would be changed negatively by SEK 22 M.

As described above, the interest-fixing term is reduced in all financial assets and liabilities related to the industrial operations of the Volvo Group to a floating interest rate. An assumption that the market interest rates for all currencies suddenly rose one percentage point from the interest level at December 31, 2013 would have no significant impact on Volvo Treasury's profit after net financial items over time.

It should be noted that the above assessment of profit-sensitivity with regard to changes in market interest rates ignores possible effects of short-term earnings effects arising since all derivatives are marked to market in profit and loss. Volvo Treasury's accounting policies as regards derivatives are described in Note 1.

The carrying amounts in the balance sheet, fair values and other specifications pertaining to derivative instruments used in the management of currency and interest-rate risks related to financial assets and liabilities are shown in the adjacent tables.

Credit risks

Credit risks are defined as the risk that Volvo Treasury does not receive payments for recognized loans (commercial credit risk), that Volvo Treasury's investments are unable to be realized (financial credit risk) and that potential profit is not realized due to the counterparty not fulfilling its part of the contract when using derivative instruments (financial counterparty risk).

Volvo Treasury has no financial assets that are due for payment or impaired at year-end.

Financial credit risk

The Volvo Group's surplus liquidity is managed by Volvo Treasury and invested in the money and capital markets. All investments must meet the requirements of low credit risk and high liquidity. In accordance with Volvo's credit policy, counterparties for both investments and derivative transactions must have achieved a rating of A or better from one of the well-established credit rating institutions.

Commercial credit risk

Lending to companies within the Volvo Group complies with the limits established for the particular counterparty. Lending to Group companies is not considered to have any credit risk and no assets are therefore pledged for the receivables.

Financial counterparty risk

The use of derivative instruments leads to a counterparty risk, meaning a risk that the counterparty will not fulfill its part of the contract, implying that a potential profit will not be paid. Master netting agreements are signed with the various counterparties whenever possible, to reduce the exposure. The counterparty risk exposure of forward contracts is limited through daily, weekly or monthly cash transfers corresponding to changes in the value of open contracts. The counterparty exposure for derivative instruments is also reduced by netting contracts and liquidity transfers, so-called CSA agreements. The Volvo Treasury Group's gross exposure of derivatives with positive values (outside the Volvo Group) amounts to SEK 3,583 M (5,031). It comprises SEK 2,412 M (3,554) in derivatives on the asset side and derivatives of SEK 1,171 M (1,477), for fair value hedging, which is recognized net among non-current liabilities. Through netting agreements and liquidity transfers, gross exposure was reduced 41% (43%) to SEK 2,399 M (3,531). The Volvo Group works actively with limits per counterparty to reduce risk for high net amounts toward individual counterparties. For further information regarding gross exposure per type of derivative instrument, see the adjacent tables on pages 36-37.

Liquidity risks

Liquidity risk is defined as the risk that Volvo Treasury would be unable to finance or refinance its assets or fulfill its payment obligations.

The Volvo Group's policy is to have good financial preparedness by constantly maintaining liquid assets and credit facilities to provide for the anticipated liquidity requirements for between 12 and 18 months ahead. Volvo Treasury reduced liquidity risks by diversifying its financing to various borrowing sources, retaining a good balance between short- and long-term borrowing and by securing borrowing preparedness through credit facilities, see also Note 17.

Some of Volvo Treasury's long-term loan agreements contain clauses stipulating a right for the lender to request repayment in advance following a change of the control of the company. It has been deemed necessary in certain cases to accept these conditions to receive financing on acceptable terms.

The list below shows expected future cash flows including derivatives related to financial liabilities based on short-term interest rates and the foreign exchange rates on the balance-sheet date. Expected capital flow refers to payments of loans and derivatives. Expected interest flow is based on the market's expected future interest payments on loans and derivatives. The interest flow is recognized in the cash flow from operating activities. Future cash flows in foreign currency are based on the respective exchange rates at the balance-sheet date.

Group

	Capital flow			Interest flow		
	Loans	**Derivatives (liability)**	**Derivatives (asset)**	**Loans**	**Derivatives (liability)**	**Derivatives (asset)**
2014	(29,618)	(1,753)	213	(2,596)	(138)	1,131
2015	(16,678)	(46)	110	(1,608)	(1)	425
2016	(23,022)	(72)	167	(1,176)	8	372
2017	(15,063)	(7)	6	(810)	(12)	391
2018	(4,057)	-	-	(229)	(30)	22
2019	(3,131)	-	-	(160)	(44)	-
2020-	(2,094)	-	-	(304)	(69)	26

Parent Company

	Capital flow			Interest flow		
	Loans	**Derivatives (liability)**	**Derivatives (asset)**	**Loans**	**Derivatives (liability)**	**Derivatives (asset)**
2014	(27,159)	(1,722)	213	(2,510)	(136)	1,131
2015	(15,462)	(46)	110	(1,571)	-	425
2016	(21,389)	(72)	167	(1,150)	8	371
2017	(14,444)	(7)	6	(803)	(12)	390
2018	(4,057)	-	-	(229)	(30)	22
2019	(3,131)	-	-	(160)	(44)	-
2020-	(2,096)	-	-	(305)	(70)	26

Current liabilities to Group companies (within the Volvo Group) pertain to borrowing through group accounts, which are not included in capital flow 2013 in the list above.

Outstanding forward exchange contracts and option contracts for hedging of commercial currency risks within the Volvo Group

	Group			
	Dec. 31, 2013		Dec. 31, 2012	
	Nominal amount	Carrying amount	Nominal amount	Carrying amount
Foreign exchange forward contracts				
- receivable position	18,196.2	272.0	1,932.4	71.4
- payable position	8,951.1	(27.4)	87.7	(2.2)
Total		**244.6**		**69.2**

	Parent Company			
	Dec. 31, 2013		Dec. 31, 2012	
	Nominal amount	Carrying amount	Nominal amount	Carrying amount
Foreign exchange forward contracts				
- receivable position	18,196.2	272.0	1,932.4	71.4
- payable position	8,951.1	(27.4)	87.7	(2.2)
Total		**244.6**		**69.2**

Outstanding derivative instruments for hedging of currency and interest-rate risks related to financial assets and liabilities

	Group			
	Dec. 31, 2013		Dec. 31, 2012	
	Nominal amount	Carrying amount	Nominal amount	Carrying amount
Interest-rate swaps				
- receivable position	65,515.1	3,139.2	57,790.2	4,350.1
- payable position	58,608.2	(1,908.9)	66,985.4	(2,592.7)
Interest-rate forwards and futures				
- payable position	-	-	7,470.0	(0.4)
Foreign exchange forward contracts				
- receivable position	27,024.9	346.9	21,204.8	1,003.2
- payable position	23,285.3	(372.1)	15,457.1	(124.0)
Options purchased, caps and floors				
- receivable position	1,000.7	4.6	367.1	4.7
- payable position	179.0	-	73.8	-
Options written, caps and floors				
- payable position	715.6	(4.2)	130.3	(1.7)
Total		**1,205.6**		**2,639.2**

	Parent Company			
	Dec. 31, 2013		Dec. 31, 2012	
	Nominal amount	Carrying amount	Nominal amount	Carrying amount
Interest-rate swaps				
- receivable position	64,609.3	3,137.4	57,839.2	4,346.6
- payable position	57,053.0	(1,877.9)	66,923.4	(2,703.6)
Interest-rate forwards and futures				
- payable position	-	-	7,470.0	(0.4)
Foreign exchange forward contracts				
- receivable position	12,038.1	250.9	20,487.9	971.2
- payable position	22,875.8	(369.5)	2,102.3	(5.1)
Options purchased, caps and floors				
- receivable position	1,000.7	4.7	365.7	4.7
- payable position	179.0	-	73.8	-
Options written, caps and floors				
- payable position	715.6	(4.2)	130.3	(1.7)
Total		**1,141.4**		**2,611.7**

The nominal amount represents the gross amount of the contract. The outstanding contracts have been recognized at market value. All stated market values represent the calculated values that will not necessarily be realized. Volvo Treasury applies hedge accounting, fair-value hedge for a loan of EUR 1 billion borrowed during the second quarter of 2007. The fair value of the outstanding hedge instrument included in this hedge relation is recognized in the interest-rate swap category in the above table and amounts to SEK 1,171 M (1,477). The carrying amount of the loan related to hedge accounting amounts to a negative SEK 1,157 M (neg. 1,495).

Financial assets and liabilities measured at Fair value

IFRS 7 classifies financial instrument measured at fair value in different levels based on how the fair value has been assessed. All Volvo Treasury's financial instruments measured at fair value are classified as level two, except for shares and participations that are classified in accordance with level three for unlisted participations in subsidiaries. Read more in Note 1 about the valuation policies for shares in subsidiaries. Valuation at level two is carried out on market terms using observable market prices that are available on each balance-sheet date. Further explanation of the valuation technique can be found in Note 2.

Carrying amounts and market capitalization of financial instruments

	Group			
	Dec. 31, 2013		Dec. 31, 2012	
	Carrying amount	Fair value*	Carrying amount	Fair value*
Long-term receivables and loans	671.4	671.4	1,001.3	1,001.3
- of which, derivative instruments for which the value is also shown in preceding table	*664.4*	*664.4*	*998.1*	*998.1*
Short-term receivables and loans incl. Cash and cash equivalents	16,231.3	16,231.3	12,796.6	12,796.6
- of which, derivative instruments for which the value is also shown in preceding table	*1,747.3*	*1,747.3*	*2,666.0*	*2,666.0*
Marketable securities	2,432.4	2,432.4	2,998.0	2,998.0
Long-term loans and debts	(64,391.8)	(67,949.4)	(63,154.3)	(66,802.9)
*- of which, derivative instruments for which the value is also shown in preceding table***	*810.3*	*810.3*	*(966.4)*	*(966.4)*
Short-term debts and loans	(33,019.5)	(33,384.7)	(32,468.6)	(32,812.2)
- of which, derivative instruments for which the value is also shown in preceding table	*(1,908.7)*	*(1,908.7)*	*(265.1)*	*(265.1)*
Receivables from Group companies	134,915.1	136,272.1	130,147.0	131,605.1
- of which, derivative instruments for which the value is also shown in preceding table	*180.3*	*180.3*	*289.2*	*289.2*
Liabilities to Group companies	(41,277.2)	(41,352.4)	(36,012.3)	(36,085.4)
- of which, derivative instruments for which the value is also shown in preceding table	*(43.5)*	*(43.5)*	*(30.7)*	*(30.7)*

	Parent Company			
	Dec. 31, 2013		Dec. 31, 2012	
	Carrying amount	Fair value*	Carrying amount	Fair value*
Long-term receivables and loans	655.0	655.0	992.0	992.0
- of which, derivative instruments for which the value is also shown in preceding table	*651.6*	*651.6*	*988.6*	*988.6*
Short-term receivables and loans incl. Cash and cash equivalents	16,108.6	16,108.6	12,737.6	12,737.6
- of which, derivative instruments for which the value is also shown in preceding table	*1,679.3*	*1,679.3*	*2,655.6*	*2,655.6*
Marketable securities	2,432.4	2,432.4	2,998.0	2,998.0
Long-term loans and debts	(60,922.2)	(64,353.1)	(59,406.8)	(63,039.0)
*- of which, derivative instruments for which the value is also shown in preceding table***	*813.0*	*813.0*	*(963.1)*	*(963.1)*
Short-term debts and loans	(30,527.3)	(30,873.2)	(28,720.6)	(28,938.3)
- of which, derivative instruments for which the value is also shown in preceding table	*(1,894.7)*	*(1,894.7)*	*(142.6)*	*(142.6)*
Receivables from Group companies	134,168.9	135,510.4	129,201.0	130,685.1
- of which, derivative instruments for which the value is also shown in preceding table	*180.3*	*180.3*	*288.1*	*288.1*
Liabilities to Group companies	(46,850.7)	(47,034.3)	(42,953.9)	(43,217.5)
- of which, derivative instruments for which the value is also shown in preceding table	*(43.5)*	*(43.5)*	*(145.7)*	*(145.7)*

* Market values of liabilities and loans are calculated without taking into account credit spreads.
** The line "Long-term debts and loans" includes the market valuation of loans attributable to hedge accounting, which are recognized net against the fair value of derivatives that hedge the risk. Fair value of the hedged risk amounted to SEK +1.171 M (+1.477).

All derivative instruments are recognized in the balance sheet.

Income, expenses, gains and losses related to financial instruments

The impact of gains and losses, as well as interest income and interest expense, on the Volvo Treasury Group's gross earnings for the various categories of the financial instruments is shown in the table below.

	Group							
	2013				2012			
	Gains / Losses	Interest income	Interest expense	Total net	Gains / Losses	Interest income	Interest expense	Total net
Financial assets and liabilities at fair value trough profit and loss*								
Marketable securities	(6.6)	85.5	-	**78.9**	14.6	153.2	-	**167.8**
Loans and derivatives for financial exposure	(90.8)	1.6	266.3	**177.1**	(31.9)	5.0	167.6	**140.7**
Loans originated by the company	-	3,958.7	(549.7)	**3,409.0**	-	4,931.3	(747.9)	**4,183.5**
Cash and cash equivalents	-	54.2	-	**54.2**	-	97.1	-	**97.1**
Finacial liabilities valued at amortized cost	-	-	(2,920.5)	**(2,920.5)**	-	-	(3,493.0)	**(3,493.0)**
Effect on income/Interest net	**(97.4)**	**4,100.0**	**(3,203.9)**	**798.8**	**(17.3)**	**5,186.7**	**(4,073.2)**	**1,096.1**

	Parent company							
	2013				2012			
	Gains / Losses	Interest income	Interest expense	Total net	Gains / Losses	Interest income	Interest expense	Total net
Financial assets and liabilities at fair value trough profit and loss*								
Marketable securities	(6.6)	85.5	-	**78.9**	14.6	153.2	-	**167.8**
Loans and derivatives for financial exposure	(90.4)	1.6	267.8	**179.1**	(9.7)	5.0	149.2	**144.5**
Loans originated by the company	-	3,925.8	(671.8)	**3,254.0**	-	4,864.9	(918.9)	**3,946.0**
Cash and cash equivalents	-	53.4	-	**53.4**	-	96.8	-	**96.8**
Finacial liabilities valued at amortized cost	-	-	(2,815.2)	**(2,815.2)**	-	-	(3,298.9)	**(3,298.9)**
Effect on income/Interest net	**(96.9)**	**4,066.2**	**(3,219.2)**	**750.1**	**4.9**	**5,119.9**	**(4,068.6)**	**1,056.2**

* Accrued and realized interest is included in gains and losses related to financial assets and liabilities measured at fair value through profit and loss.

Recognized gains and losses from exchange-rate effects*

	Group		Parent company	
	2013	**2012**	**2013**	**2012**
Derivative instruments**	1,665.4	243.6	1,661.2	234.9
Loans originated by the company and financial liabilities valued at amortized cost	(1,324.4)	(51.1)	(1,342.6)	(71.9)
Net effect	**341.0**	**192.5**	**318.5**	**163.0**

* Gains and losses from exchange-rate effects are recognized on the line "Results from other financial transactions" in the comprehensive income report.

** The recognized income from derivatives that is used to hedge future cash flows in foreign currencies is mainly an effect of unrealized and realized gains and losses from derivatives totaling SEK 283 M (-), which are used to hedge the future cash flows of the acquisition of Dongfeng Commercial Vehicles.

Note 23 Information about the Parent Company

The Parent Company of the Group of which Volvo Treasury AB is a subsidiary and for which the consolidated accounts are prepared is AB Volvo (publ) (556012-5790), with registered office in Gothenburg, Sweden.

Note 24 Operational leasing

Future lease payments pertaining to non-cancelable leasing contracts at year-end amounted to 2.5 (2.5) for the Group and 0.8 (0.8) for the Parent Company. Leasing expenses for the year amounted to 2.1 (2.0) for the Group and 0.8 (0.8) for the Parent Company.

Future lease payments for operational leasing are distributed as follows:

	Group	**Parent Company**
2014	0.6	0.6
2015-2018	1.9	0.2
2019 and later	-	-
Total	**2.5**	**0.8**

Note 25 Average numbers of employees

	2013		**2012**	
	No. of employees	**of whom, men**	**No. of employees**	**of whom, men**
Parent Company				
Gothenburg	34	23	42	21
Total	**34**	**23**	**42**	**21**
Subsidiaries outside Sweden				
Singapore	8	4	8	4
Total	**8**	**4**	**8**	**4**
Group total	**42**	**27**	**50**	**25**

Note 26 Board members and other senior executives

	Dec. 31, 2013			
Parent Company	**No. of Board members***	**of whom, men**	**No. of President and other executives***	**of whom, men**
Sweden	4	4	4	4
Total	**4**	**4**	**4**	**4**
Subsidiaries outside Sweden				
Singapore	3	3	3	1
Australia	4	4	1	1
Total	**7**	**7**	**4**	**2**
Group total	**11**	**11**	**8**	**6**

* The same persons are to a certain extent represented in the figures for the different companies. Excluding this aspect, the total number of Board members is eight (of whom eight are men) and the number of senior executives is seven (of whom five are men).

Note 27 Transactions with related parties

Volvo Treasury AB (publ) is a wholly owned subsidiary of AB Volvo (publ) Gothenburg (556012-5790). The Company is the Parent Company of Volvo Treasury Asia Ltd, which in turn, is the Parent Company of Volvo Treasury Australia Pty Ltd.

The Volvo Treasury Group is a division within the Volvo Group, which consists of companies within the Volvo Group, with service related to treasury and cash management. All financial transactions with companies within the Volvo Group are carried out on market terms. Most of the Volvo Group's financial transactions occur in the "Volvo Treasury Unit" (which, in addition to the Volvo Treasury Group, also includes other Treasury companies within AB Volvo in North America and Asia). Volvo Treasury Unit is responsible for all interest-bearing assets and liabilities, as well as all foreign exchange and funding operations within the Volvo Group.

Outstanding receivables and liabilities to companies within the Volvo Group are shown in the balance sheet. Revenues and expenses attributable to companies within the Volvo Group are shown in Notes 3 and 4.

The Group's income statements and balance sheets will be presented to the Annual General Meeting for approval.

The Board of Directors and the President certify that the consolidated accounts have been prepared in accordance with international financial reporting standards, IFRS, as adopted by the EU and present a true and fair view of the Group's position and earnings. The annual report was prepared in accordance with generally accepted accounting practice and presents a true and fair view of the Parent Company's position and earnings.

The Board of Directors' Report for the Group and Parent Company gives a fair review of the development of the business, position and earnings for the Group and Parent Company, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Göteborg, April 29, 2014

Ulf Niklasson
President

Anders Osberg
Chairman

Rune Alsterholm

Ulf Rapp

Our auditors' report was submitted on April 29, 2014
PricewaterhouseCoopers AB

Peter Clemedtsson
Authorized Public Accountant

Auditors' report

To the annual general meeting of the shareholders of Volvo Treasury AB (publ), Corporate Registration Number 556135-4449

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Volvo Treasury AB for the year 2013.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Volvo Treasury AB for the year 2013.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility
Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions
We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Göteborg 29 April 2014
PricewaterhouseCoopers AB

Peter Clemedtsson
Authorized Public

Corporate Governance Report

Volvo Treasury AB (publ) has issued debt securities which are listed and thereby it is required to prepare a Corporate Governance Report in accordance with the Annual Accounts Act.

AB Volvo (publ) owns 100% of the shares of Volvo Treasury AB (publ) and therefore holds all the voting rights at the shareholder's General Meetings.

Internal control over financial reporting

The Volvo Treasury Group's system for internal control and risk management in connection with the financial reporting is worked out in accordance with the Volvo Group's policies and guidelines. The following text describes how the internal control is organized within the Volvo Group in general and within the Volvo Treasury Group with regard to financial reporting.

Introduction

The Volvo Group primarily applies internal control principles introduced by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Volvo Group has a specific function for internal control, which aims to provide support for management groups within the business areas and group functions that will allow them to continuously provide good and improved internal controls relating to financial reporting. Work conducted through this function is based primarily on a methodology that aims to ensure compliance with directives and guidelines, and to create good prerequisites for specific control activities in key processes related to financial reporting. The Audit Committee is informed of the result of the work performed by the Internal Control function within the Volvo Group with regard to risks, control activities and follow-up on the financial reporting. The Volvo Group also has an Internal Audit function with the primary task of independently ensuring that companies in the Group comply with the principles and rules that are stated in the Group's directives, guidelines and instructions for financial reporting. The head of the Internal Audit function reports directly to the CEO, the Group's CFO and to the Audit Committee of the Board of AB Volvo.

Control environment

Fundamental to the Volvo Group's control environment is the corporate culture that is established within the Group, in which managers and employees operate. The Volvo Group works actively on communication and training pertaining to the company's core values as described in The Volvo Way, an internal document concerning Volvo's corporate culture, and the Group's Code of Conduct, to ensure that good morals, ethics and integrity permeate the organization.

The foundation of the internal control process relating to the financial reporting is built up around the Group's directives, guidelines and instructions, as well as the responsibility and authority structure that have been adapted to the Group's organization to create and maintain a satisfactory control environment. The principles for Volvo's internal controls, as well as directives and guidelines for the financial reporting are contained in Volvo Financial Policies & Procedures (FPP), a publication that contains all the Group's important instructions, rules and principles.

Risk assessment

Risks relating to the financial reporting are evaluated and monitored by the Board of Directors through its Audit Committee, inter alia by identifying the types of risks that could typically be considered as material and where they would typically occur. The annual evaluation of internal control activities conducted by the Internal Control and Internal Audit functions, are based on a risk-based model. The evaluation of the risk that errors may appear in the financial reporting is based on a number of criteria. Complicated accounting policies could, for example, mean that the financial reporting risks being inaccurate for those items that are covered by such policies. Valuation of a particular asset or liability according to various evaluation criteria could also constitute a risk. The same applies for complicated and/or changed business circumstances.

Control activities

The Boards of Directors and Audit Committees for AB Volvo and Volvo Treasury AB constitute the overall supervisory body for the internal control. Several control activities are applied in the ongoing business processes to ensure that potential errors or deviations in the financial reporting are prevented, discovered and corrected. Control activities range from review of outcome results in management group meetings to specific reconciliation of accounts and analyses of the ongoing processes for financial reporting. Responsibility for control activities in the financial processes are appropriate and in accordance with the Group's guidelines and instructions are coordinated in the Group's financial reporting function. The Group's shared service center is also responsible for the application of the control activities which include the responsibility to design the authority structures are designed so that one person cannot perform an activity and then perform the control of the same activity. Control activities within IT security and maintenance are also a key part of Volvo Group's internal control over financial reporting.

Information and communication

Guidelines and instructions relating to the financial reporting are updated and communicated on a regular basis from the Volvo Group's management to all employees concerned. Volvo Group accounting department holds a direct operative responsibility for the common accounting which is aimed at ensuring a uniform application of the Group's guidelines, policies and instructions for the financial reporting and at identifying and communicating shortcomings and areas of improvement in the processes for financial reporting.

Follow-up

Ongoing responsibility for following up the Volvo Treasury Group's internal control rests with the Volvo Treasury management group and controller functions in co-operation with the Volvo Group shared service function. In addition, the Internal Audit and the Internal Control functions of the Volvo Group conduct review and follow-up in accordance with what is described in the introduction of this report. More specifically, the Internal Control function runs and coordinates evaluation activities through the Volvo Group Internal Control Program, which aims to systematically evaluate the quality of the internal control over financial reporting on a yearly basis. An evaluation plan is established annually and presented to the Audit Committee. This evaluation program comprises three main areas:

1. Group-wide controls
Self-assessment procedure carried out by management teams at business area/Group-functional levels as well as company level. The areas evaluated are mainly compliance with the Group's financial directives and policies found in the FPP, as well as The Volvo Way and the Group's Code of Conduct.

2. Process controls at transaction levels
Processes related to the financial reporting are evaluated by testing of routines/controls based on a framework for internal control of financial reporting, VICS – Volvo Internal Control Standards. The framework focuses on the financial reporting areas deemed to have a relatively higher risk for potential errors due to complicated accounting policies and/or complicated/changed business operations etc.

3. General IT controls
Processes for maintenance, development and authorization management pertaining to financial applications are evaluated by testing routines/controls.

The results of the evaluation activities are reported to the managements and Audit Committees of the Volvo Group and Volvo Treasury AB.

Göteborg, April 29, 2014

Volvo Treasury AB (publ)

Board of Directors

Auditor's report on the Corporate Governance Statement
To the annual meeting of the shareholders of Volvo Treasury AB (publ), corporate identity number 556135-4449

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2013 on pages 45-47 and that it has been prepared in accordance with the Annual Accounts Act.
We have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.
In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Göteborg, 29 April 2014
PricewaterhouseCoopers AB

Peter Clemedtsson
Authorized Public Accountant