



ANNUAL REPORT 2013

Aktiebolaget SCA Finans (publ)
Corp. Reg. No. 556108-5688

BOARD OF DIRECTORS' REPORT

Operation

Aktiebolaget SCA Finans (publ), with the Corp. Reg. No. 556108-5688 and its registered office in Stockholm, Sweden, is a wholly owned company of SCA Treasury B.V., the Netherlands, with the Corp. Reg. No. 28065399 and its registered office in Amsterdam, the Netherlands. The Parent Company of the Group is Svenska Cellulosa Aktiebolaget SCA (publ) with the Corp. Reg. No. 556012-6293 and its registered office in Stockholm.

The SCA Group's financing operation is, to a certain extent, centralized to AB SCA Finans. The company is responsible for the Group's risk management with respect to interest-rate risk, currency risk and energy price risk.

AB SCA Finans acts in cooperation with SCA Capital N.V., Belgium and the Parent Company Svenska Cellulosa Aktiebolaget SCA, as an internal bank for the Group companies with respect to loans and deposits. AB SCA Finans acts alone as the internal bank for the Group companies with regard to currency and energy transactions.

AB SCA Finans represents a portion of SCA's borrowing from banks, other credit institutions, as well as direct market financing. AB SCA Finans assumed responsibility for issuing new commercial papers from SCA Capital N.V. in December 2012. All new external long-term financing takes place in the Parent Company, Svenska Cellulosa Aktiebolaget SCA. Together, these three companies represent the hub for external financing in the SCA Group.

Within the SCA Group, there exists an established finance policy. The policy forms a framework of guidelines and rules for managing the financial risks and for the finance operation in general.

AB SCA Finans' profit before appropriations and tax amounted to SEK 1,577,515,000 (1,848,195,000) and is mainly attributable to the company's net interest income, foreign-exchange gains and royalties pertaining to trademarks.

Corporate Governance

AB SCA Finans is part of SCA and a description of the corporate governance and risk management for the Group is found in SCA's 2013 Annual Report.

AB SCA Finans' operations as an internal bank are regulated by a finance policy approved by the SCA Group's Board of Directors. Front office, which initiates business transactions, is controlled by back office and Treasury control. Financial and operating risks, instruments and positions must confirm to the regulations of the finance policy. Treasury accounting is responsible for reporting earnings in accordance with applicable accounting policies. External auditors review the company's accounting and internal control. SCA also has a separate internal audit function, which is responsible for evaluating and improving efficiency in SCA's internal governance and control, as well as risk management.

The Board of Directors of AB SCA Finans assumes the overall responsibility for the company's organization and management by continuously monitoring the operation, assuring an appropriate organization, management, guidelines and internal control. The Chairman of the Board leads the Board work and continuously monitors the company's operation through dialogue with the President. The Chairman of the Board receives continuous reports from Treasury accounting pertaining to the company's performance, accounting and financial risk management. However, the Board of the SCA Group determines the finance policy, which regulates the operations of AB SCA Finans. The President of AB SCA Finans is responsible for and manages the ongoing operations in accordance with the Board's guidelines and instructions, as well as the established finance policy. The President receives continuous reports from Treasury accounting and Treasury control pertaining to the company's development, accounting and financial risk management.

SCA Treasury B.V., the Netherlands is the sole owner of AB SCA Finans and there are no restrictions in voting rights in the Articles of Association. According to the stipulations in the Articles of Association, Board members are elected at the Annual General Meeting. The Board of Directors shall comprise not

less than three and not more than nine members, with not more than three deputy members. Amendments to the Articles of Association are resolved by the Annual General Meeting. The Annual General Meeting has not authorized the Board of Directors to make decisions pertaining to the issuance of new shares or acquisition of treasury shares.

Proposed distribution of earnings

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

	Dec. 31, 2013
Retained earnings, SEK	51,652,267,038
Group contribution, net after tax, SEK	-1.206.299.344
Profit for the year	<u>1,220,252,937</u>
	51,666,220,631

The Board of Directors and President propose:

To be carried forward SEK 51,666,220,631

A Group contribution, net after tax, totaling SEK 69,256,365 was made to SCA Treasury B.V. the Netherlands, Stockholm Branch, at the same time as a Group contribution of SEK 1,137,042,979 was paid to Svenska Cellulosa Aktiebolaget SCA. The Board of Directors is of the opinion that the Group contribution will not prevent the company from fulfilling its short or long-term obligations, or from completing the required investments. Accordingly, the value transfer is deemed permissible.

INCOME STATEMENT	2013	2012
	SEK 000s	SEK 000s
Interest income (Note 3)	3,369,524	4,312,107
Interest expense (Note 3)	<u>-1,775,935</u>	<u>-2,596,755</u>
Net interest income	1,593,589	1,715,352
Other operating income	159,111	715,242
Other operating expenses	<u>-158,814</u>	<u>-411,358</u>
Other operating items (Note 4)	297	303,884
Subtotal (Note 9)	1,593,886	2,019,236
Operating expenses		
Personnel costs (Note 5)	-10,562	-6,035
Amortization of intangible assets (Note 6)	-173	-160,232
Depreciation of tangible assets (Note 7)	-	-
Other external costs (Note 8)	<u>-5,636</u>	<u>-4,774</u>
Total operating items	-16,371	-171,041
Operating profit	1,577,515	1,848,195
Appropriations (Note 10)	173	159,905
Tax on profit for the year (Note 11)	-357,435	-538,010
Profit for the year	1,220,253	1,470,090
STATEMENT OF COMPREHENSIVE INCOME		
	2013	2012
	SEK 000s	SEK 000s
Profit for the year	1,220,253	1,470,090
Other comprehensive income	:	:
Total comprehensive income	1,220,253	1,470,090

BALANCE SHEET	Dec. 31, 2013	Dec. 31, 2012
	SEK 000s	SEK 000s
ASSETS		
Non-current assets		
Intangible assets		
Goodwill (Note 6)	-	<u>173</u>
Total intangible assets	-	173
Tangible assets		
Equipment (Note 7)	250	250
Financial non-current assets		
Receivables from Group companies (Note 12)	126,617	74,550
Financial assets (Note 13)	<u>632,417</u>	<u>909,643</u>
Total financial non-current assets	759,034	984,193
Total non-current assets	759,284	984,616
Current assets		
Receivables from Group companies (Note 12)	100,662,874	97,566,152
Financial assets (Note 13)	107,700	145,575
Other receivables	-	18
Tax asset (Note 11)	-	1,307
Prepaid expenses and accrued income (Note 15)	1,046	402
Other current investments (Note 13)	-	9,959
Cash and bank balances	<u>53,462</u>	<u>19,455</u>
Total current assets	108,825,082	97,742,868
TOTAL ASSETS	<u>101,584,366</u>	<u>98,727,484</u>

BALANCE SHEET	Dec. 31, 2013	Dec. 31, 2012
	SEK 000s	SEK 000s
EQUITY, PROVISIONS AND LIABILITIES		
Equity		
Restricted equity		
Share capital 3,573,530 shares with a quotient value of SEK 100	357,353	357,353
Statutory reserve	<u>11,101,422</u>	<u>11,101,422</u>
Total restricted equity	11,458,775	11,458,775
Unrestricted equity		
Retained earnings	50,445,968	50,182,177
Profit for the year	<u>1,220,253</u>	<u>1,470,090</u>
Total unrestricted equity	51,666,221	51,652,267
Total equity	63,124,996	63,111,042
Untaxed reserves (Note 16)	-	173
Provisions for pensions (Note 5)	192	119
Other provisions	175	175
Liabilities		
Non-current liabilities		
Liabilities to Group companies (Note 12)	495,941	624,481
Financial liabilities (Note 13)	5,707,076	7,229,043
Other liabilities	<u>3,047</u>	<u>3,369</u>
Total non-current liabilities	6,206,064	7,856,893
Current liabilities		
Liabilities to Group companies (Note 12)	24,662,558	26,764,801
Financial liabilities (Note 13)	7,425,915	869,060
Accrued expenses and deferred income (Note 17)	153,171	124,780
Other liabilities	3,252	267
Tax liabilities (Note 11)	7,998	-
Accounts payable (Note 13)	<u>45</u>	<u>174</u>
Total current liabilities	32,252,939	27,759,082
Total liabilities	38,459,003	35,615,975
TOTAL EQUITY, PROVISIONS AND LIABILITIES	<u>101,584,366</u>	<u>98,727,484</u>
Pledged assets		
Collateral for trading in derivatives (Note 13)	-	9,959
Contingent liabilities		
FPG (Försäkringsbolaget PRI Pensionsgaranti)	463	444

STATEMENT OF CHANGES IN EQUITY

SEK 000s			Retained earnings and profit for the year	Total equity
2012	Share capital	Statutory reserve		
Equity at December 31, 2011	357,353	11,101,422	34,561,130	46,019,905
Equity at January 1, 2012	357,353	11,101,422	34,561,130	46,019,905
Profit for the year from the income statement			1,470,090	1,470,090
Other comprehensive income			-	-
Total comprehensive income			1,470,090	1,470,090
Transactions with owners				
Shareholders' contribution			17,114,281	17,114,281
Deductible Group contribution			-2,026,096	-2,026,096
Tax effect Group contribution			532,862	532,862
Total transactions with owners			15,621,047	15,621,047
Equity at December 31, 2012	357,353	11,101,422	51,652,267	63,111,042
SEK 000s			Retained earnings and profit for the year	Total equity
2013	Share capital	Statutory reserve		
Equity at January 1, 2013	357,353	11,101,422	51,652,267	63,111,042
Profit for the year from the income statement			1,220,253	1,220,253
Other comprehensive income			-	-
Total comprehensive income			1,220,253	1,220,253
Transactions with owners				
Deductible Group contribution			-1,546,537	-1,546,537
Tax effect Group contribution			340,238	340,238
Total transactions with owners			-1,206,299	-1,206,299
Equity at December 31, 2013	357,353	11,101,422	51,666,221	63,124,996

CASH-FLOW STATEMENT	2013	2012
	SEK 000s	SEK 000s
Operating profit + appropriations	1,577,688	2,008,100
Net effect of intra-Group flows (Note 18)	-1,662,919	-1,560,071
Adjustments for non-cash items, etc. (Note 18)	<u>27,669</u>	<u>-230,587</u>
	-57,562	217,442
Tax payments	-7,892	-5,147
Operating receivables	-190	234
Operating liabilities	<u>3,408</u>	<u>-2,331</u>
Working capital	3,218	-2,097
Current loans	-3,058,889	13,118,061
Non-current loans	<u>225,159</u>	<u>251,226</u>
Loans	-2,833,730	13,369,287
Pension liability	73	-3,281
Other non-current liabilities	<u>-322</u>	<u>-812</u>
Non-interest bearing non-current liabilities	-249	-4,093
Cash flow from operating activities	-2,896,215	13,575,392
Divestment of trademarks	-	216,241
Cash flow from investing activities	-	216,241
Current loans	4,570,770	-27,279,388
Non-current loans	<u>-1,487,947</u>	<u>-3,826,325</u>
Loan financing	3,082,823	-31,105,713
Shareholders' contribution	-	17,114,281
Cash flow from financing activities	3,082,823	-13,991,432
Cash flow for the year	186,608	-199,799
Cash and cash equivalents, January 1	29,414	229,213
Change in cash and cash equivalents	<u>186,608</u>	<u>-199,799</u>
Cash and cash equivalents, December 31	216,022	29,414
Supplementary disclosures		
Cash and cash equivalents		
Cash and bank balances	53,462	19,455
Current investments	<u>162,560</u>	<u>9,959</u>
Total cash and cash equivalents	216,022	29,414

Interest paid and received

Interest paid	-828,676	-1,345,621
Interest received	<u>2,281,209</u>	<u>3,273,704</u>
Total interest paid and received	1,452,533	1,928,083

NOTES

NOTE 1 ACCOUNTING AND MEASUREMENT POLICIES

The annual report of AB SCA Finans was prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2. RFR 2 stipulates that the company shall apply International Financial Reporting Standard IFRS, as adopted by the EU, insofar as this is possible within the framework of the Annual Accounts Act, and with consideration given to the link between accounting and taxation.

The presentation format of the balance sheet and income statement was adapted to better reflect the company's operations in the financial sector, which is consistent with transparency, generally accepted accounting principles in Sweden and a true and fair view under Chapter 2 of the Annual Accounts Act.

The preparation of financial statements in agreement with the applied rules and regulations requires the use of a number of important accounting estimates. In addition, senior management is required to make certain judgments in connection with the application of the company's accounting policies. The areas that contain a high degree of complex estimations or are such that the estimations and assessments are of material significance for the company's Annual Report are detailed in the section below describing the amortization periods for intangible assets, as well as the market valuation of financial derivatives.

AB SCA Finans has elected to apply RFR 2 in its entirety. Consequently, AB SCA Finans will measure the market value of all financial derivatives. AB SCA Finans believes that a market valuation of financial derivatives will provide reliable and relevant information about the company, which in turn will provide a more accurate view of AB SCA Finans. The policies in the market valuation have not changed since the preceding year.

REVENUE RECOGNITION

Interest income is recognized in accordance with the effective interest method. Royalties are recognized in accordance with the implied financial effect of the contract.

TRANSLATION OF FOREIGN CURRENCY

Financial instruments in foreign currency are measured in the financial statements at the exchange rate in effect on the closing date. Exchange-rate differences are recognized under other operating items.

TANGIBLE ASSETS

Tangible assets are measured at cost after deduction for accumulated depreciation and any impairment. Depreciation according to plan is based on the costs and estimated useful lives of the assets. Equipment is depreciated on a straight-line basis over a five-year period.

INTANGIBLE ASSETS

Amortization according to plan is based on the costs and tax amortization periods of the assets. Trademarks and goodwill are amortized on a straight-line basis over a five-year period.

FINANCIAL INSTRUMENTS

Financial instruments recognized in the balance sheet include cash and cash equivalents, securities, other financial receivables, accounts receivable, accounts payable, loans and derivatives.

Purchases and sales of financial instruments are recognized in the financial statements on the trade date, with the exception of loan receivables, financial assets and other financial liabilities, all of which are recognized on the settlement date. All financial instruments are initially measured at cost, which corresponds to the fair value of the instrument including transaction costs. The instruments are then recognized in accordance with the principles stipulated below for each type of instrument.

Financial assets are derecognized from the balance sheet when the risk and the right to receive cash flows from the instrument have ceased or been transferred to another counterparty. Financial liabilities are derecognized from the balance sheet when AB SCA Finans has met its commitments or they have been otherwise extinguished.

Securities and financial receivables

Securities and financial receivables are recognized at amortized cost in accordance with the effective interest method less any provisions for impairment.

Accounts receivable

Accounts receivable are recognized in the amount at which they are expected to be paid, based on an individual assessment of doubtful receivables. Credit risk in accounts receivable is managed in accordance with SCA's proactive credit checks. However, most accounts receivable are from Group companies.

Financial liabilities

Financial liabilities are initially recognized at fair value, net after transaction costs, and subsequently at amortized cost according to the effective interest method.

Derivative instruments

Derivative instruments are measured at fair value through profit or loss. The market values are prepared in accordance with generally accepted valuation techniques based on observable data.

The fair value of derivative instruments is calculated on the basis of prevailing market listings on the balance-sheet date. In the absence of market listings, fair value is determined with the aid of customary valuation techniques, such as discounting of future cash flows to listed market rates for each duration. These calculated cash flows are established based on available market information. There are no hedging relationships in AB SCA Finans. Derivatives are recognized in a gross amount without taking ISDA agreements in the balance sheet into consideration.

For disclosures in notes relating to the fair value of non-current loans, current market interest rates and an estimate of SCA's risk premium are used as the basis for calculation. The fair value of current loans and investments is considered to correspond to the carrying amount since a change in market interest rates does not have a significant effect on market value.

GROUP CONTRIBUTIONS

Group contributions are recognized in accordance with their financial impact. This means that Group contributions paid or received for the purpose of reducing the Group's total tax are recognized directly against retained earnings after deduction for the effect on current tax.

PENSION OBLIGATIONS

The company's pension obligations are recognized in accordance with recommendation 4 issued by FAR SRS (the institute for the accountancy profession in Sweden). Certain pension obligations are covered by insurance taken out with insurance companies. Other pension obligations are not covered through insurance. The capital value of these obligations comprises the present value of future obligations and is calculated on an actuarial basis. The capital value is recognized as a provision in the balance sheet. The interest portion of the change in the pension liability and other pension costs are charged against operating profit.

TAXES

Recognized income tax includes tax to be paid or received for the current year, adjustments of prior-year current tax and changes in deferred tax.

All tax liabilities/assets are measured at their nominal amount and based on the tax rules and tax rates in effect on the balance-sheet date.

For items recognized in profit or loss, related tax effects are also recognized in profit or loss. Items recognized in other comprehensive income or directly against equity are recognized in a net amount after tax.

Deferred tax is calculated on all temporary differences between the carrying amount and tax base of assets and liabilities according to the balance-sheet method. Due to the links between accounting and taxation, deferred tax liabilities on untaxed reserves are recognized as part of the untaxed reserves. The company does not have any other temporary differences.

NOTE 2 FINANCIAL RISK MANAGEMENT

The SCA Group's financial risk management is centralized to capitalize on economies of scale and synergy effects and to minimize management risks. The central treasury function is responsible for the Group's loan financing, energy, currency and interest-rate risk management, and serves as an internal bank for the Group companies' financial transactions. External borrowing is conducted to a certain extent in AB SCA Finans. New non-current financing takes place in Svenska Cellulosa Aktiebolaget SCA. SCA Finans assumed responsibility for issues under the commercial papers program from SCA Capital B.V. at year-end 2012.

As an individual company, AB SCA Finans is exposed to financial risks which it manages in accordance with the finance policies established by the Board of SCA. The Group's financial risk management is described in SCA's 2013 Annual Report.

AB SCA Finans' capital structure is determined based on the requirement that the company must be sufficiently capitalized to address the financial risks that arise and to maintain a favorable credit rating. The equity/assets ratio, which is defined as adjusted equity as a percentage of total assets, amounted to 62% (64) as of December 31, 2013. AB SCA Finans is party to various major financial transactions with external counterparties, either independently or together with Svenska Cellulosa Aktiebolaget SCA.

TARGETS AND POLICIES FOR FINANCIAL RISK MANAGEMENT AT AB SCA FINANS

Currency risk

AB SCA Finans serves as the sole internal bank for the Group companies' currency transactions, which include currency derivatives and cash transactions. The company, in turn, conducts financial transactions with various players in the finance market in order to manage the Group's currency risk. In accordance with SCA's finance policy, central treasury management has an opportunity, through AB SCA Finans, to hedge an interval for the Group's forecast transaction exposure of between zero and 18 months.

There is a mandate for the company to take positions in the currency market. This mandate is restricted by limits based on generally accepted Value-at-Risk models in accordance with SCA's finance policy.

Currency risk in external and internal loans and deposit transactions is eliminated using currency derivatives. The currency risk is isolated and managed according to the following.

Interest-rate risk

AB SCA Finans acts together with SCA Capital N.V. as the internal bank for the Group companies' loans and deposit transactions. As a rule, the Group companies' transactions have a duration of 12 months. Together with Svenska Cellulosa Aktiebolaget SCA, AB SCA Finans raises most of SCA's external financing. SCA aims to have a favorable distribution of interest maturities to avoid large loan volumes falling due for interest payments at the same time.

Fixed-income derivatives are used to achieve the desired distribution and duration for the interest maturities. The company's equity is utilized in its lending to the Group companies, which means that AB SCA Finans is a net investor despite its management of SCA's external financing.

Central treasury management, through AB SCA Finans, is responsible for identifying and managing the Group's external interest-rate exposure. SCA's finance policy stipulates that the duration of the average interest term per currency is to be within an interval of three to 36 months. The company is impacted when the average maturity of intra-Group transactions does not fully correspond with its external transactions.

There is a mandate for the company to take operational positions in the market. This mandate is restricted by limits based on generally accepted Value-at-Risk models in accordance with SCA's finance policy.

Refinancing risk and liquidity

AB SCA Finans limits its refinancing risk by having a favorable distribution of maturities for its outstanding loans in accordance with SCA's finance policy.

Credit risk

Financial risk management involves exposure to credit risks. This exposure arises in conjunction with investments of liquidity and through the receivables from banks and other counterparties that arise through derivative instruments. SCA's finance policy contains special counterparty regulations that stipulate the maximum credit exposure for various counterparties. One objective is for the counterparties to have a minimum credit rating of A- from at least two of the rating agencies Standard & Poor's, Moody's or Fitch. Investments and derivative transactions with Group companies are not considered to involve any credit risk for AB SCA Finans. Credit exposure in derivative instruments is set as the market value and a mark-up is included for energy derivatives.

Price risk

Energy price refers to the risk of price movements in the energy market. AB SCA Finans acts as the counterparty for the financial electricity and gas transactions conducted to hedge energy prices for SCA's energy-intensive operations. These transactions comprise various electricity and gas derivatives. AB SCA Finans does not assume any price risk, since transactions with Group companies are offset by external transactions in accordance with SCA's energy risk policy.

AB SCA FINANS' MANAGEMENT OF FINANCIAL RISKS DURING THE YEAR

Currency risk

The currency transactions during the year had a negative impact of SEK 13m (pos: 32) on AB SCA Finans' earnings. As of December 31, 2013, outstanding currency positions with a carrying amount of negative SEK 53m (pos: 10) had been hedged with external financial parties on the Group's behalf. A general strengthening of the Swedish krona (SEK) by 5% in relation to other currencies would improve the outstanding carrying amount by SEK 87m (70), including derivatives outstanding on the balance-sheet date.

Currency sensitivity by currency, SEKm

USD	-24.2
EUR	43.4
GBP	33.8
DKK	14.6
NOK	8.0
CHF	4.5
CAD	3.1
RUB	2.3
CZK	1.1
TOTAL	86.6

Interest-rate risk

Net interest income during the year had a positive impact of SEK 1,594 m (1,715) on AB SCA Finans' earnings. AB SCA Finans is a net investor, and a general interest-rate reduction of one percentage point would decrease AB SCA Finans' net interest income by approximately SEK 639m annually (631), including derivatives outstanding on the balance-sheet date.

Refinancing risk and liquidity

AB SCA Finans' refinancing and liquidity are primarily secured by bank loans and bond issues. Multilateral development banks also serve as lenders; refer also to Note 13.

Credit risk

Credit exposure in derivative instruments is set as the market value and for energy derivatives with a mark-up. AB SCA Finans endeavors to use standardized agreements that allow for the statutory net calculation of receivables and liabilities in countries where this is possible. Although continuous payment offsets on outstanding receivables and liabilities in derivative instruments do not take place, the right of offset in the event of a counterparty's bankruptcy means that AB SCA Finans measures this credit risk as a net amount. As of December 31, 2013, the credit risk associated with financial cash instruments amounted to SEK 53m (29). Credit exposure associated with derivative instruments totaled SEK 212m (703). Of the total credit exposure, SEK 198m (245) was with counterparties with a minimum rating of AA.

As of December 31, 2013, no receivables had fallen due for payment. No provisions were made in 2013 for possible or confirmed loan losses. There was deemed to be no provision requirement for doubtful receivables as of December 31, 2013. Credit risk in accounts receivable is managed in accordance with SCA's proactive credit checks.

Price risk

As of December 31, 2013, external energy derivatives of 7.1 TWh (7.7) were outstanding on behalf of various Group companies. AB SCA Finans mirrors the Group companies' transactions with external counterparties. During the year, AB SCA Finans received a mandate to conduct a certain degree of positioning in the market between internal and external transactions as a result of the dissolution of hedges. These hedges belonged to internal companies that are no longer part of the Group. The energy loss amounted to SEK 40m in 2013. The net position on December 31, 2013 amounted to SEK -11m (1); refer also to Notes 12 and 13.

NOTE 3 INTEREST INCOME AND INTEREST EXPENSE

SEK 000s	2013	2012
External financial counterparties		
Interest income	932,621	831,613
Market revaluation of fixed-income derivatives	-424,954	66,391
Interest expense	<u>-962,899</u>	<u>-949,877</u>
Net interest income external financial counterparties	-455,232	-51,873
Group companies		
Interest income Group companies	2,436,903	3,480,494
Market revaluation of fixed-income derivatives	296,542	-133,827
Interest expense Group companies	<u>-684,624</u>	<u>-1,579,442</u>
Net interest income Group companies	2,048,821	1,767,225
Net interest income	1,593,589	1,715,352

NOTE 4 OTHER OPERATING ITEMS

SEK 000s	2013	2012
Exchange-rate result	-27,331	111,179
Energy losses	-88,968	-57,524
Financial expenses	-2,710	-5,045
Exchange-rate differences	<u>26,776</u>	<u>261,312</u>
Total external financial counterparties	-92,233	309,922
Royalties, Group companies	68,211	69,561
Capital gains, trademarks	-	216,241
Exchange-rate result, Group companies	14,211	-78,800
Energy gains, Group companies	49,350	56,949
Other operating items	-11,927	-8,126
Exchange-rate differences, Group companies	<u>-27,315</u>	<u>-261,863</u>
Total Group companies	92,530	-6,038
Total other operating items	297	303,884

NOTE 5 PERSONNEL COSTS

Salaries and remuneration SEK 000s

	2013	2012
Board of Directors, President, Executive Vice Presidents and senior executives ¹⁾	-	-
of which, variable salary	-	-
Other employees	<u>7,040</u>	<u>6,301</u>
Total	7,040	6,301

Social security costs SEK 000s

	2013	2012
Total social security costs	3,387	-363
of which, pension costs ²⁾	1,081	-2,681

1) Salaries and remuneration, social security costs, pension costs, as well as pension liabilities are charged to AB SCA Finans' Parent Company.

2) Of AB SCA Finans' pension costs, SEK 356,000 (-1,445,000) pertains to former Presidents, Executive Vice Presidents and Board members. The company's outstanding pension provisions for these costs amounted to SEK 0 (0) in 2013.

Pension costs SEK 000s	2013	2012
Self-administered pension plans		
Cost excluding interest expense	224	-3,050
Interest expense (recognized in personnel costs)	<u>5</u>	<u>139</u>
Total	229	-2,911
Retirement through insurance		
Insurance premiums	611	737
Other	<u>24</u>	<u>32</u>
Total	635	769
Tax on returns	0	12
Special payroll tax on pension costs	191	-582
Cost for credit insurance, etc.	<u>26</u>	<u>31</u>
Total	217	-539
Pension cost for the year	1,081	-2,681

Pension liabilities regarding retirement pensions have been secured by a joint Swedish SCA pension foundation. As of December 31, 2013, the market value of AB SCA Finans' portion of the foundation's assets amounted to SEK 26,899,000 (22,733,000). An allowance was received totaling SEK 296,000 (0) in 2013. As of December 31, 2013, the capital value of the pension obligations was SEK 22,930,000 (22,089,000). Pension payments of SEK 453,000 (274,000) were made in 2013. The value of the assets was higher than the pension obligations on December 31, 2013 in the amount of SEK 3,969,000 (644,000).

Capital value of pension obligations relating to self-administered pension plans,

SEK 000s	2013	2012
Balance, January 1	120	3,305
Cost excluding interest expense	224	-3,050
Interest expense (recognized in personnel costs)	5	139
Payment of pensions	<u>-157</u>	<u>-274</u>
Balance, December 31	192	120

The capital value of the pension obligations as at December 31, 2013 pertains to obligations regarding ITP1 amounting to SEK 192,000 (120,000), which SCA recognizes as a "self-administered pension plan." The discount rate is 4.1% (4.2). Next year's anticipated payment pertaining to defined-benefit pension plans amounts to SEK 685,000.

AB SCA Finans has an obligation for disability and family pensions for salaried employees in Sweden, secured through insurance with the insurance company Alecta. These benefits are recognized as a defined-contribution plan, since AB SCA Finans did not have access to sufficient information to recognize this obligation as a defined-benefit plan. Premiums during the year for disability and family pension insurance with Alecta amounted to SEK 99,000 (141,000). Personnel costs also include other personnel costs amounting to SEK 135,000 (96,000).

Average number of employees	2013	2012
Sweden	8	9
of whom women, %	50	56

Of the total of three (three) Board members and senior executives, none are women (unchanged compared with 2012).

NOTE 6 INTANGIBLE ASSETS

Trademarks SEK 000s	2013	2012
Cost, January 1	817,166	1,361,487
Investments	-	-
Divestments	-	<u>-544,321</u>
Accumulated cost, December 31	817,166	817,166
Amortization, January 1	-817,166	-1,238,800
Divestments	-	544,321
Amortization for the year	-	<u>-122,687</u>
Accumulated amortization, December 31	-817,166	-817,166
Planned residual value, December 31	0	0

Goodwill, Trademarks SEK 000s	2013	2012
Cost, January 1	249,532	249,532
Investments	-	-
Accumulated cost, December 31	249,532	249,532
Amortization, January 1	-249,359	-211,814
Amortization for the year	<u>-173</u>	<u>-37,545</u>
Accumulated amortization, December 31	-249,532	-249,359
Planned residual value, December 31	0	173

NOTE 7 TANGIBLE ASSETS

Equipment SEK 000s	2013	2012
Cost, January 1	250	271
Investments	-	<u>-21</u>
Accumulated cost, December 31	250	250
Depreciation, January 1	0	-21
Depreciation for the year	-	<u>21</u>
Accumulated depreciation, December 31	0	0
Planned residual value, December 31	250	250

NOTE 8 OTHER EXTERNAL EXPENSES

Auditing expenses SEK 000s	2013	2012
PwC		
Audit assignment	-650	-790
Auditing activities other than audit assignment	-	-16
Tax consultancy services	-	-
Other services	-	-
Total	-650	-806

NOTE 9 REVENUE BY REVENUE CLASS

Revenue class SEK 000s	2013	2012
Operational interest-rate and currency hedging including position taking	-12,987	30,367
Net interest income, external financial counterparties	-30,278	-118,264
Net interest income, Group companies	1,752,279	1,901,052
Royalty including capital gains	68,211	285,802
Other	-183,339	-79,721
Total	1,593,886	2,019,236

NOTE 10 APPROPRIATIONS

Excess depreciation/amortization SEK 000s	2013	2012
Excess amortization, trademarks	173	159,905
Excess depreciation, equipment	-	-
Total	173	159,905

NOTE 11 TAXES

Tax on profit for the year SEK 000s	2013	2012
Current tax expense	<u>-357,435</u>	<u>-538,010</u>
Total	-357,435	-538,010

Reconciliation SEK 000s	2013		2012	
	SEKm	%	SEKm	%
Tax expense	-357,435	22.7	-538,010	26.8
Expected tax	<u>-347,091</u>	<u>22.0</u>	<u>-528,130</u>	<u>26.3</u>
Difference	-10,344	0.7	-9,880	0.5

Difference is due to:

Taxes attributable to previous periods	-10,276	0,7		
Other non-taxable/non-deductible items	<u>-68</u>	<u>0.0</u>	<u>-9.880</u>	<u>0.5</u>
Total	-10,344	0.7	-9,880	0.5

Current tax expense SEK 000s	2013	2012
Adjustments previous periods	-10,276	
Income tax for the period	<u>-347,159</u>	<u>-538,010</u>
Total	-357,435	-538,010

CURRENT TAX ASSET

The change in the current tax asset during the period is explained below:

SEK 000s	2013	2012
Balance, January 1	1,307	1,307
Adjustments previous periods	-10,276	-
Current tax expense/income	-347,159	-538,010
Paid tax	7,892	5,146
Tax income/expense, other Group companies	<u>340,238</u>	<u>532,864</u>
Tax asset, December 31	-7,998	1,307

AB SCA Finans made a Group contribution of SEK 88,790,000 (162,164,000) to SCA Treasury B.V. Holland, Stockholm Branch. The tax effect amounted to SEK 19,534,000 (42,649,000). The company made a Group contribution of SEK 1,457,747,000 (1,863,933,000) to Svenska Cellulosa Aktiebolaget SCA. The tax effects amounted to SEK 320,704,000 (490,215,000).

NOTE 12 FINANCIAL INSTRUMENTS, GROUP COMPANIES

Receivables from Group companies, SEK 000s	2013	2012
Non-current receivables		
Loans	27,809	31,866
Derivatives, refer to table below	<u>98,808</u>	<u>42,684</u>
Total	126,617	74,550

Current receivables

Loans	99,720,797	96,604,775
Derivatives, refer to table below	879,444	861,511
Accrued interest	62,545	99,736
Other	<u>87</u>	<u>130</u>
Total	100,662,873	97,566,152

Total	100,789,490	97,640,702
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Liabilities to Group companies SEK 000s	2013	2012
Non-current liabilities		
Deposits	139,440	136,999
Derivatives, refer to table below	<u>356,501</u>	<u>487,482</u>
Total	495,941	624,481

Current liabilities

Deposits	23,642,508	23,959,800
Derivatives, refer to table below	258,513	1,838,860
Accrued interest	20,247	108,694
Group contributions	740,973	857,354
Other	<u>317</u>	<u>93</u>
Total	24,662,558	26,764,801

Total	25,158,499	27,389,282
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All financial instruments, with the exception of derivative instruments, are recognized at amortized cost in accordance with the effective interest method, translated at the closing rate. The derivative instruments are valued at market price. Intra-Group receivables and liabilities mainly have short-term maturities and fixed-interest periods; long-term maturities occur only in exceptional cases.

Market values are determined in accordance with fair value hierarchy level two, which means that they are determined based on observable inputs and established valuation techniques.

Currency derivatives are mainly used to hedge the Group companies' future income and expenses in foreign currency with AB SCA Finans.

Commodity derivatives comprise electricity and gas derivatives used to hedge the Group companies' future energy prices with AB SCA Finans.

Net market value of outstanding derivatives, Group companies

SEK 000s	2013	2012
Current derivatives	533,465	-1,038,851
Fixed-income derivatives	-289,941	-457,706
Commodity derivatives	119,714	74,410
Total	363,238	-1,422,147

All loans are recognized at amortized cost in accordance with the effective interest method, translated at closing rate.

Non-current receivables SEK 000s	2013	2012
BRL loans	<u>27,809</u>	<u>31,866</u>
Total	27,809	31,866

Current receivables SEK 000s	2013	2012
SEK loans	85,211,298	85,392,899
EUR loans	11,542,475	9,269,141
Other currencies and cashpool	<u>2,967,024</u>	<u>1,942,735</u>
Total	99,720,797	96,604,775

Non-current liabilities SEK 000s	2013	2012
USD deposits	<u>139,440</u>	<u>136,999</u>
Total	139,440	136,999

Current liabilities SEK 000s	2013	2012
SEK deposits	4,635,043	4,763,723
EUR deposits	12,838,390	12,989,678
Other currencies and cashpool	<u>6,169,075</u>	<u>6,206,398</u>
Total	23,642,508	23,959,799

Maturity profile of undiscounted flows, Group companies, including net and gross-settled derivatives

SEK 000s	Total	2014	2015	2016	2017	2018+
Receivables	99,748,606	99,720,797	-	-	27,809	-
Derivatives, net-settled	146,420	111,682	32,338	2,400	-	-
Derivatives, gross settled	243,524	363,834	-160,222	-129,815	1,847	167,880
Interest*	2,129,664	2,123,665	2,703	2,703	593	-
Total	102,268,214	102,319,978	-125,181	-124,712	30,249	167,880

Liabilities	23,781,948	23,642,508	-	-	139,440	-
Derivatives, net-settled	26,706	24,215	2,460	31	-	-
Interest*	474,210	454,186	10,012	10,012	-	-
Total	24,282,864	24,120,909	12,472	10,043	139,440	-

Net total	77,985,350	78,199,069	-137,653	-134,755	-109,191	167,880
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Recognized fair value of gross-settled derivatives as net of nominal market values

SEK 000s	Total	2014	2015	2016	2017	2018+
Assets	71,049,867	61,148,298	228,521	5,521,051	192,988	3,959,009
Liabilities	-70,806,343	-60,784,464	-388,743	-5,650,866	-191,141	-3,791,129
Total	243,524	363,834	-160,222	-129,815	1,847	167,880

* Fixed-interest periods are set at the agreed interest rate, while the closing date's interest rate for floating interest periods is assumed to be unchanged.

NOTE 13 FINANCIAL INSTRUMENT EXTERNAL FINANCIAL COUNTERPARTIES
Receivables external financial counterparties SEK 000s

	2013	2012
Non-current receivables		
Derivatives, refer to the table below	<u>632,417</u>	<u>909,643</u>
Total	632,417	909,643

Current receivables

Derivatives, refer to the table below	107,700	145,575
Liquid investments, refer to the table below	-	<u>9,959</u>
Total	107,700	155,534

Total	740,117	1,065,177
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Liabilities external financial counterparties SEK 000s

	2013	2012
Non-current liabilities		
Bond issues	3,764,781	4,929,726
Derivatives, refer to the table below	332,161	200,456
Other non-current loans with maturities > 5 years	-	800,000
Other non-current loans with maturities >1 year, < 5 years	1,619,468	1,300,308
Transaction costs, non-current loans	<u>-9,334</u>	<u>-1,447</u>
Total	5,707,076	7,229,043

Current liabilities

Derivatives, refer to the table below	271,034	181,182
Bond issues	1,000,000	-
Loans with maturities <1 year	6,154,881	687,878
Accounts payable	<u>45</u>	<u>174</u>
Total	7,425,960	869,234

Total	13,133,035	8,098,277
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All financial instruments, with the exception of derivative instruments, are recognized at amortized cost in accordance with the effective interest method, translated at the closing rate. Derivative instruments are valued at fair value. Market values are determined in accordance with the fair value hierarchy level two, which means that they are determined based on observable inputs and established valuation techniques.

External currency derivatives are mainly used to hedge AB SCA Finans' risk, since the Group companies hedge their future income and expenses with AB SCA Finans.

Fixed-income derivatives are primarily interest-rate swaps linked to non-current borrowing that convert the interest period from long to short-term.

Commodity derivatives comprise electricity and gas derivatives used to hedge AB SCA Finans' risk when the Group companies hedge future energy prices with AB SCA Finans. Position-taking occurs in AB SCA Finans with respect to interest-rate and currency hedging, while energy hedges are neutral in terms of position. During the year, AB SCA Finans received a mandate to conduct a certain degree of positioning in the market between internal and external transactions as a result of the dissolution of hedges connected to group companies that were divested. Derivatives are recognized in a gross amount in the balance sheet and the items categorized as financial assets are mainly attributable to the gross recognition of the derivative.

Net market value of outstanding derivatives, external financial counterparties

SEK 000s	2013	2012
Currency derivatives	-73,572	40,687
Fixed-income derivatives	341,391	706,507
Commodity derivatives	-130,897	-73,614
Total	136,922	673,580

AB SCA Finans has the following commercial paper programs and liquid investments at its disposal for lending. Cash and cash equivalents are mainly intended to be used for amortization of outstanding loans.

Treasury bills were used as collateral with clearing banks for trading on derivatives.

Credit facilities are part of SCA's financial readiness, according to which the size of the Group's unutilized credit facilities and cash and cash equivalents shall correspond to 10% of the Group's forecasted annual sales. The refinancing risk that arises in conjunction with the utilization of the commercial paper programs is limited by credit facilities from banks with favorable credit ratings.

Commercial paper program	Nominal SEKm	Dec. 31, 2013	Dec. 31, 2012
		Utilized SEKm	Utilized SEKm
Swedish SEK 15,000m	15,000	5,673	688
Belgian EUR 400m	3,573	222	-
Total	18,573	5,895	688

Liquid investments SEK 000s	Dec. 31, 2013	Dec. 31, 2012
Treasury bills Sweden with maturities < 3 months	-	4,980
Treasury bills Sweden with maturities > 3 months	-	4,979
Total	-	9,959

AB SCA Finans has bank loans and an EMTN program at its disposal for non-current borrowing.

The EMTN program has a framework of EUR 3,000m (SEK 26,801m) and as of December 31, 2013, SCA Finans's portion of EUR 224 (232) was outstanding with an average maturity of 1.0 years (2.1). USD 450m (SEK 2,764m) has been issued in the US market.

In accordance with SCA's finance policy, AB SCA Finans shall maintain a favorable distribution of external loan and interest maturities.

SCA is of the opinion that a short-term interest period generates a lower borrowing cost over time. Accordingly, most of the loans with long-term interest periods are associated with interest-rate swaps to enable non-current borrowing with short-term interest periods.

Non-current loans SEK 000s	2013	2012
Maturity > 5 years		
USD deposits	-	-
SEK deposits	-	800,000
EUR deposits	-	-
Total	-	800,00
Maturity > 1 year, < 5 years		
USD deposits	141,502	139,557
SEK deposits	800,000	-
GBP deposits	-	507,469
EUR deposits	677,966	653,282
Total	1,619,468	1,300,308

All loans are recognized at amortized cost in accordance with the effective interest method, translated at the closing rate. Hedging relationships between various loans and their associated swaps are established at the Group level. Accordingly, hedge accounting occurs at the Group level and not at the company level. All derivative instruments in AB SCA Finans are recognized at fair value.

Bond issues	Maturity years	Carrying amount	Fair value, SEKm
		SEK 000s	
		Dec. 31, 2013	Dec. 31, 2013
Notes USD 425m	2015	2,763,520	2,929
Index Linked Interest Note SEK 300m	2015	374,301	315
Index Linked Interest Note SEK 500m	2015	626,960	526
Notes SEK 500m	2014	500,000	521
Notes SEK 500m	2014	500,000	500
Total		4,764,781	4,791

Maturity profile of undiscounted external financial liabilities including net and gross-settled derivatives

SEK 000s	Total	2014	2015	2016	2017	2018	2019+
Commercial paper	5,895,175	5,895,175	-	-	-	-	-
Bond issues	4,764,781	1,000,000	3,764,781	-	-	-	-
Non-current loans	1,619,468	-	-	-	819,468	800,000	-
Derivatives, net-settled liabilities	162,301	126,416	33,485	2,400	-	-	-
Derivatives, net-settled assets	-31,404	-28,567	-2,806	-31	-	-	-
Derivatives, gross-settled	-267,822	65,482	-47,297	-350,079	-49,490	0	113,562
Interest on loans*	430,807	230,421	139,631	28,206	26,224	6,325	-
Total	12,573,306	7,288,927	3,887,794	-319,504	796,202	806,325	113,562

Gross-settled derivatives' recognized fair value as net of nominal market values

SEK 000s	Total	2014	2015	2016	2017	2018	2019+
Assets	30,830,476	14,203,915	5,143,093	5,710,269	193,820	643,223	4,936,156
Liabilities	-30,562,654	-14,269,397	-5,095,796	-5,360,190	-144,330	-643,223	-5,049,718
Total	267,822	-65,482	47,297	350,079	49,490	0	-113,562

* Fixed interest periods are set at the agreed interest rate, while the closing date's interest rate for floating interest period is assumed to be unchanged.

NOTE 14 Offsetting of financial assets and liabilities

SEK 000s	Assets	Liabilities
December 31, 2013		
Derivatives		
Gross amount	2,277,590	1,777,430
Offsettable amount	-559,221	-559,221
Net amount recognized in the balance sheet	1,718,369	1,218,209
ISDA agreements whose transactions are not offset in the balance sheet	-196,624	-196,624
Net after offsetting in accordance with ISDA agreements	1,521,745	1,021,585

December 31, 2012		
Derivatives		
Gross amount	3,616,930	4,365,497
Offsettable amount	-1,657,517	-1,657,517
Net amount recognized in the balance sheet	1,959,413	2,707,980
ISDA agreements whose transactions are not offset in the balance sheet	-200,526	-200,526
Net after offsetting in accordance with ISDA agreements	1,758,887	2,507,454

Other financial assets and liabilities have not been offset in the balance sheet and are not subject to framework agreements pertaining to offsetting.

NOTE 15 PREPAID EXPENSES AND ACCRUED INCOME

SEK 000s	2013	2012
Accrued interest income, external financial counterparties	406	13
PRI	333	148
Other	307	241
Total	1,046	402

NOTE 16 UNTAXED RESERVES

Accumulated excess amortization SEK 000s	2013	2012
Accumulated excess amortization, trademarks	-	173
Total	-	173

NOTE 17 ACCRUED EXPENSES AND DEFERRED INCOME

SEK 000s	2013	2012
Accrued interest expense, external financial counterparties	150,285	122,222
Accrued social security costs	711	531
Accrued vacation pay liability	599	607
Accrued bonuses	1,174	1,081
Other	402	339
Total	153,171	124,780

NOTE 18 ADJUSTMENTS FOR NON-CASH ITEMS, ETC.

SEK 000s	2013	2012
Net effect of Group contributions	<u>-1,662,919</u>	<u>-1,560,071</u>
	-1,662,919	-1,560,071
<i>Non-cash items</i>		
Depreciation/amortization	173	160,232
Capital gain, trademarks	-	-216,241
Dissolution of excess amortization, trademarks	-173	-159,905
Change in accrued interest	<u>27,669</u>	<u>-14,673</u>
	27,669	-230,587
Total	-1,635,250	-1,790,658

NOTE 19 FINANCIAL INSTRUMENTS BY CATEGORY

All financial instruments, with the exception of derivative instruments, are classified at amortized cost in accordance with the effective interest method. Derivative instruments are measured at fair value. Derivative instruments have been separated from other financial instruments in Notes 12 and 13.

The market values were prepared in accordance with the fair value hierarchy level 2, meaning based on observable data and generally accepted valuation techniques. There are no hedging relationships in AB SCA Finans.

NOTE 20 REGISTERED OFFICE OF THE COMPANY

AB SCA Finans has its registered office in the City of Stockholm, Stockholm County. The address is: Box 200, SE-101 23 Stockholm, Sweden.

The Board of Directors and President declare that the Annual Report has been prepared in accordance with RFR 2 and with generally accepted accounting policies, and gives a true and fair view of AB SCA Finans' financial position and results of operations. The statutory Board of Directors' Report for the company provides a fair view of AB SCA Finans' operations, financial position and results of operations and describes material risks and uncertainties facing the company.

Stockholm, April 28, 2014

Lennart Persson
Chairman of the Board

Johan Rydin
President

Mikael Schmidt
Board member

Our auditors' report was submitted on April 28, 2014

PricewaterhouseCoopers AB

Theodor Hugosson
Authorized Public Accountant

