



ANNUAL REPORT 2014

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. All new external long-term financing normally 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 1,152,531,000 (1,577,515,000) and is mainly attributable to the company's net interest income, foreign-exchange gains and royalties pertaining to trademarks.

Events during the year

AB SCA Finans have during the year sold all its Trademarks to another group company at book value.

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 2014 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 regarding financial accounting. 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, 2014
Retained earnings, SEK	51,666,220,631
Group contribution, net after tax, SEK	-852,119,628
Profit for the year	<u>898,972,198</u>
	51,713,073,201

The Board of Directors and President propose:

To be carried forward SEK 51,713,073,201

A Group contribution, net after tax, totaling SEK 67,373,044 was made to SCA Treasury B.V. the Netherlands, Stockholm Branch, at the same time as a Group contribution of SEK 784,746,584 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	2014 SEK 000s	2013 SEK 000s
Interest income (Note 3)	2,924,018	3,369,524
Interest expense (Note 3)	<u>-1,676,813</u>	<u>-1,775,935</u>
Net interest income	1,247,205	1,593,589
Other operating income	1,086,952	159,111
Other operating expenses	<u>-1,170,603</u>	<u>-158,814</u>
Other operating items (Note 4)	-83,651	297
Subtotal (Note 9)	1,163,554	1,593,886
Operating expenses		
Personnel costs (Note 5)	-10,740	-10,562
Amortization of intangible assets (Note 6)	-	-173
Depreciation of tangible assets (Note 7)	-	-
Other external costs (Note 8)	<u>-283</u>	<u>-5,636</u>
Total operating items	-11,023	-16,371
Operating profit	1,152,531	1,577,515
Appropriations (Note 10)	-	173
Tax on profit for the year (Note 11)	-253,559	-357,435
Profit for the year	898,972	1,220,253

STATEMENT OF COMPREHENSIVE INCOME	2014 SEK 000s	2013 SEK 000s
Profit for the year	898,972	1,220,253
Other comprehensive income	=	=
Total comprehensive income	898,972	1,220,253

BALANCE SHEET	Dec. 31, 2014	Dec. 31, 2013
	SEK 000s	SEK 000s
ASSETS		
Non-current assets		
Intangible assets		
Goodwill (Note 6)	-	-
Total intangible assets	-	-
Tangible assets		
Equipment (Note 7)	250	250
Financial non-current assets		
Receivables from Group companies (Note 12)	2,290,483	126,617
Financial assets (Note 13)	<u>688,553</u>	<u>632,417</u>
Total financial non-current assets	2,979,036	759,034
Total non-current assets	2,979,286	759,284
Current assets		
Receivables from Group companies (Note 12)	102,700,288	100,662,874
Financial assets (Note 13)	381,076	107,700
Other receivables	1,670	-
Tax asset (Note 11)	10,832	-
Prepaid expenses and accrued income (Note 15)	801	1,046
Other current investments (Note 13)	-	-
Cash and bank balances	<u>174,622</u>	<u>53,462</u>
Total current assets	103,269,289	100,825,082
TOTAL ASSETS	<u>106,248,575</u>	<u>101,584,366</u>

BALANCE SHEET	Dec. 31, 2014 SEK 000s	Dec. 31, 2013 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	50,814,101	50,445,968
Profit for the year	<u>898,972</u>	<u>1,220,253</u>
Total unrestricted equity	51,713,073	51,666,221
Total equity	63,171,848	63,124,996
Untaxed reserves (Note 16)	-	-
Provisions for pensions (Note 5)	332	192
Other provisions	175	175
Liabilities		
Non-current liabilities		
Liabilities to Group companies (Note 12)	900,001	495,941
Financial liabilities (Note 13)	3,632,433	5,707,076
Other liabilities	<u>3,669</u>	<u>3,047</u>
Total non-current liabilities	4,536,103	6,206,064
Current liabilities		
Liabilities to Group companies (Note 12)	28,273,515	24,662,558
Financial liabilities (Note 13)	10,147,583	7,425,915
Accrued expenses and deferred income (Note 16)	118,857	153,171
Other liabilities	139	3,252
Tax liabilities (Note 11)	-	7,998
Accounts payable (Note 13)	<u>23</u>	<u>45</u>
Total current liabilities	38,540,117	32,252,939
Total liabilities	43,076,220	38,459,003
TOTAL EQUITY, PROVISIONS AND LIABILITIES	<u>106,248,575</u>	<u>101,584,366</u>
Pledged assets		
Collateral for trading in derivatives (Note 13)	-	-
Contingent liabilities		
FPG (Försäkringsbolaget PRI Pensionsgaranti)	489	463

STATEMENT OF CHANGES IN EQUITY

SEK 000s				
2013	Share capital	Statutory reserve	Retained earnings and profit for the year	Total equity
Equity at December 31, 2012	357,353	11,101,422	51,652,267	63,111,042
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
SEK 000s				
2014	Share capital	Statutory reserve	Retained earnings and profit for the year	Total equity
Equity at January 1, 2014	357,353	11,101,422	51,666,221	63,124,996
Profit for the year from the income statement			898,972	898,972
Other comprehensive income			-	-
Total comprehensive income			898,972	898,972
Transactions with owners				
Deductible Group contribution			-1,092,461	-1,092,461
Tax effect Group contribution			240,341	240,341
Total transactions with owners			-852,120	-852,120
Equity at December 31, 2014	357,353	11,101,422	51,713,073	63,171,848

CASH-FLOW STATEMENT	2014	2013
	SEK 000s	SEK 000s
Operating profit + appropriations	1,152,531	1,577,688
Net effect of intra-Group flows (Note 17)	-1,449,681	-1,662,919
Adjustments for non-cash items, etc. (Note 17)	<u>-33,866</u>	<u>27,669</u>
	-331,016	-57,562
Tax payments	-32,048	-7,892
Operating receivables	-116	-190
Operating liabilities	<u>-5,347</u>	<u>3,408</u>
Working capital	-5,463	3,218
Current loans	-2,310,835	-3,058,889
Non-current loans	<u>-2,220,002</u>	<u>225,159</u>
Loans	-4,530,837	-2,833,730
Pension liability	140	73
Other non-current liabilities	<u>622</u>	<u>-322</u>
Non-interest bearing non-current liabilities	762	-249
Cash flow from operating activities	-4,898,602	-2,896,215
Divestment of trademarks	0	-
Cash flow from investing activities	0	-
Current loans	2,449,133	4,570,770
Non-current loans	<u>2,408,069</u>	<u>-1,487,947</u>
Loan financing	4,857,202	3,082,823
Cash flow from financing activities	4,857,202	3,082,823
Cash flow for the year	-41,400	186,608
Cash and cash equivalents, January 1	216,022	29,414
Change in cash and cash equivalents	<u>-41,400</u>	<u>186,608</u>
Cash and cash equivalents, December 31	174,622	216,022
Supplementary disclosures		
Cash and cash equivalents		
Cash and bank balances	174,622	53,462
Current investments	-	<u>162,560</u>
Total cash and cash equivalents	174,622	216,022
Interest paid and received		
Interest paid	-566,189	-828,676
Interest received	<u>2,034,078</u>	<u>2,281,209</u>
Total interest paid and received	1,467,889	1,452,533

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.

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 2014 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 59% (62) as of December 31, 2014. 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 hedging for the Group during the year had a negative impact of SEK 66m (neg: 13) on AB SCA Finans' earnings. As of December 31, 2014, outstanding currency positions with a carrying amount of negative SEK 15m (neg: 53) 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 8m (87), including derivatives outstanding on the balance-sheet date.

Currency sensitivity by currency, SEKm

DKK	5.7
GBP	2.9
EUR	-0.2
TOTAL	8.4

Interest-rate risk

Net interest income during the year had a positive impact of SEK 1,247 m (1,594) 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 635m annually (639), 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, 2014, the credit risk associated with financial cash instruments amounted to SEK 175m (53). Credit exposure associated with derivative instruments totaled SEK 360m (212).

As of December 31, 2014, no receivables had fallen due for payment. No provisions were made in 2014 for possible or confirmed loan losses. There was deemed to be no provision requirement for doubtful receivables as of December 31, 2014. Credit risk in accounts receivable is managed in accordance with SCA's proactive credit checks.

Price risk

As of December 31, 2014, external energy derivatives of 7.0 TWh (7.1) were outstanding on behalf of various Group companies. AB SCA Finans mirrors the Group companies' transactions with external counterparties. The energy gain amounted to SEK 1m (loss 40) in 2014. The net position on December 31, 2014 amounted to SEK -1m (-11); refer also to Notes 12 and 13.

NOTE 3 INTEREST INCOME AND INTEREST EXPENSE

SEK 000s	2014	2013
External financial counterparties		
Interest income	647,681	932,621
Market revaluation of fixed-income derivatives	256,281	-424,954
Interest expense	<u>-662,177</u>	<u>-962,899</u>
Net interest income external financial counterparties	241,785	-455,232
Group companies		
Interest income Group companies	2,276,337	2,436,903
Market revaluation of fixed-income derivatives	-477,806	296,542
Interest expense Group companies	<u>-793,111</u>	<u>-684,624</u>
Net interest income Group companies	1,005,420	2,048,821
Net interest income	1,247,205	1,593,589

NOTE 4 OTHER OPERATING ITEMS

SEK 000s	2014	2013
Exchange-rate result	-118,405	-27,331
Energy losses	-289,693	-88,968
Financial expenses	-3,510	-2,710
Exchange-rate differences	<u>-745,049</u>	<u>26,776</u>
Total external financial counterparties	-1,156,657	-92,233
Royalties, Group companies	1,112	68,211
Capital gains, trademarks	0	-
Exchange-rate result, Group companies	50,932	14,211
Energy gains, Group companies	290,575	49,350
Other operating items	-13,529	-11,927
Exchange-rate differences, Group companies	<u>743,916</u>	<u>-27,315</u>
Total Group companies	1,073,006	92,530
Total other operating items	-83,651	297

NOTE 5 PERSONNEL COSTS**Salaries and remuneration SEK 000s**

	2014	2013
Board of Directors, President, Executive Vice Presidents and senior executives ¹⁾	-	-
of which, variable salary	-	-
Other employees	<u>6,839</u>	<u>7,040</u>
Total	6,839	7,040

Social security costs SEK 000s

	2014	2013
Total social security costs	3,784	3,387
of which, pension costs ²⁾	1,228	1,081

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 593,000 (356,000) 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 2014.

Pension costs SEK 000s

	2014	2013
Self-administered pension plans		
Cost excluding interest expense	355	224
Interest expense (recognized in personnel costs)	<u>11</u>	<u>5</u>
Total	366	229
Retirement through insurance		
Insurance premiums	596	611
Other	<u>19</u>	<u>24</u>
Total	615	635
Tax on returns	1	0
Special payroll tax on pension costs	218	191
Cost for credit insurance, etc.	<u>28</u>	<u>26</u>
Total	247	217
Pension cost for the year	1,228	1,081

Pension liabilities regarding retirement pensions have been secured by a joint Swedish SCA pension foundation.

As of December 31, 2014, the market value of AB SCA Finans' portion of the foundation's assets amounted to SEK 29,440,000 (26,899,000). An allowance was received totaling SEK 471,000 (296,000) in 2014. As of December 31, 2014, the capital value of the pension obligations was SEK 24,100,000 (22,930,000). Pension payments of SEK 697,000 (453,000) were made in 2014.

The value of the assets was higher than the pension obligations on December 31, 2014 in the amount of SEK 5,340,000 (3,969,000).

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

SEK 000s	2014	2013
Balance, January 1	192	120
Cost excluding interest expense	355	224
Interest expense (recognized in personnel costs)	11	5
Payment of pensions	<u>-226</u>	<u>-157</u>
Balance, December 31	332	192

The capital value of the pension obligations as at December 31, 2014 pertains to obligations regarding ITP1 amounting to SEK 332,000 (192,000), which SCA recognizes as a "self-administered pension plan." The discount rate is 5.8% (4.1).

Next year's anticipated payment pertaining to defined-benefit pension plans amounts to SEK 708,000.

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 57,000 (99,000). Personnel costs also include other personnel costs amounting to SEK 117,000 (135,000).

Average number of employees	2014	2013
Sweden	7	8
of whom women, %	57	50

Of the total of three (three) Board members and senior executives, none are women (unchanged compared with 2013).

NOTE 6 INTANGIBLE ASSETS

Trademarks SEK 000s	2014	2013
Cost, January 1	817,166	817,166
Investments	-	-
Divestments	<u>-817,166</u>	<u>-</u>
Accumulated cost, December 31	-	817,166
Amortization, January 1	-817,166	-817,166
Divestments	817,166	-
Amortization for the year	<u>-</u>	<u>-</u>
Accumulated amortization, December 31	-	-817,166
Planned residual value, December 31	-	0

Goodwill, Trademarks SEK 000s	2014	2013
Cost, January 1	249,532	249,532
Divestments	<u>-249,532</u>	<u>-</u>
Accumulated cost, December 31	-	249,532
Amortization, January 1	-249,532	-249,359
Divestments	249,532	-
Amortization for the year	<u>-</u>	<u>-173</u>
Accumulated amortization, December 31	-	-249,532
Planned residual value, December 31	-	0

NOTE 7 TANGIBLE ASSETS

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

NOTE 8 OTHER EXTERNAL EXPENSES

Auditing expenses SEK 000s	2014	2013
PwC		
Audit assignment	-574	-650
Auditing activities other than audit assignment	-	-
Tax consultancy services	-	-
Other services	-	-
Total	-574	-650

NOTE 9 REVENUE BY REVENUE CLASS

Revenue class SEK 000s	2014	2013
Operational interest-rate and currency hedging including position taking	-67,474	-12,987
Net interest income, external financial counterparties	-14,496	-30,278
Net interest income, Group companies	1,483,226	1,752,279
Royalty including capital gains	1,112	68,211
Other	-238,814	-183,339
Total	1,163,554	1,593,886

NOTE 10 APPROPRIATIONS

Excess depreciation/amortization SEK 000s	2014	2013
Excess amortization, trademarks	-	173
Excess depreciation, equipment	-	-
Total	-	173

NOTE 11 TAXES

Tax on profit for the year SEK 000s	2014	2013
Current tax expense	<u>-253,559</u>	<u>-357,435</u>
Total	-253,559	-357,435

	2014		2013	
Reconciliation SEK 000s	SEKm	%	SEKm	%
Tax expense	-253,559	22.0	-357,435	22.7
Expected tax	<u>-253,557</u>	<u>22.0</u>	<u>-347,091</u>	<u>22.0</u>
Difference	-2	0.0	-10,344	0.7

Difference is due to:

Taxes attributable to previous periods	--	0,0	<u>-10,276</u>	<u>0,7</u>
Other non-taxable/non-deductible items	<u>-2</u>	<u>0,0</u>	<u>-68</u>	<u>0,0</u>
Total	-2	0.0	-10,344	0.7

Current tax expense SEK 000s	2014	2013
Adjustments previous periods	-	<u>-10,276</u>
Income tax for the period	<u>-253,559</u>	<u>-347,159</u>
Total	-253,559	-357,435

CURRENT TAX ASSET

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

SEK 000s	2014	2013
Balance, January 1	-7,998	1,307
Adjustments previous periods	-	-10,276
Current tax expense/income	-253,559	-347,159
Paid tax	32,048	7,892
Tax income/expense, other Group companies	<u>240,341</u>	<u>340,238</u>
Tax asset, December 31	10,832	-7,998

AB SCA Finans made a Group contribution of SEK 86,376,000 (88,790,000) to SCA Treasury B.V. Holland, Stockholm Branch. The tax effect amounted to SEK 19,002,000 (19,534,000). The company made a Group contribution of SEK 1,006,085,000 (1,457,747,000) to Svenska Cellulosa Aktiebolaget SCA. The tax effects amounted to SEK 221,339,000 (320,704,000).

NOTE 12 FINANCIAL INSTRUMENTS, GROUP COMPANIES

Receivables from Group companies, SEK 000s	2014	2013
Non-current receivables		
Loans	2,233,597	27,809
Derivatives, refer to table below	<u>56,886</u>	<u>98,808</u>
Total	2,290,483	126,617
Current receivables		
Loans	100,850,091	99,720,797
Derivatives, refer to table below	1,770,134	879,444
Accrued interest	80,021	62,545
Other	<u>42</u>	<u>87</u>
Total	102,700,288	100,662,873
Total	104,990,771	100,789,490
Liabilities to Group companies SEK 000s	2014	2013
Non-current liabilities		
Deposits	171,220	139,440
Derivatives, refer to table below	<u>728,781</u>	<u>356,501</u>
Total	900,001	495,941
Current liabilities		
Deposits	26,821,235	23,642,508
Derivatives, refer to table below	1,006,236	258,513
Accrued interest	62,494	20,247
Group contributions	383,753	740,973
Other	<u>-203</u>	<u>317</u>
Total	28,273,515	24,662,558
Total	29,173,516	25,158,499

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	2014	2013
Current derivatives	533,454	533,465
Fixed-income derivatives	-726,384	-289,941
Commodity derivatives	284,933	119,714
Total	92,003	363,238

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

Non-current receivables SEK 000s	2014	2013
HKD loans	1,514,295	-
CNY loans	328,305	-
USD loans	269,578	-
INR loans	92,438	-
BRL loans	<u>28,981</u>	<u>27,809</u>
Total	2,233,597	27,809

Current receivables SEK 000s	2014	2013
SEK loans	83,547,825	85,211,298
EUR loans	11,925,470	11,542,475
Other currencies and cashpool	<u>5,376,796</u>	<u>2,967,024</u>
Total	100,850,091	99,720,797

Non-current liabilities SEK 000s	2014	2013
USD deposits	<u>171,220</u>	<u>139,440</u>
Total	171,220	139,440

Current liabilities SEK 000s	2014	2013
SEK deposits	7,172,960	4,635,043
EUR deposits	12,579,109	12,838,390
Other currencies and cashpool	<u>7,069,166</u>	<u>6,169,075</u>
Total	26,821,235	23,642,508

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

SEK 000s	Total	2015	2016	2017	2018	2019+
Receivables	103,083,688	100,850,091	-	1,240,418	302,859	690,320
Derivatives, net-settled	299,938	243,051	54,552	2,335	-	-
Derivatives, gross settled	-192,930	332,822	-225,784	-62,372	-53,846	-183,750
Interest*	2,092,545	1,877,039	60,341	53,124	38,737	63,304
Total	105,283,241	103,303,003	-110,891	1,233,505	287,750	569,874
Liabilities	26,992,455	26,821,235	-	-	171,220	-
Derivatives, net-settled	15,005	12,608	2,378	19	-	-
Interest*	551,118	538,824	12,294	-	-	-
Total	27,558,578	27,372,667	14,672	19	171,220	-
Net total	77,725,347	75,930,336	-125,563	1,233,486	116,530	570,558

Recognized fair value of gross-settled derivatives as net of nominal market values

SEK 000s	Total	2015	2016	2017	2018	2019+
Assets	64,180,792	53,676,185	5,982,845	156,812	149,729	4,215,221
Liabilities	-64,373,722	-53,343,363	-6,208,629	-219,184	-203,575	-4,398,971
Total	-192,930	332,822	-225,784	-62,372	-53,846	-183,750

* 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	2014	2013
Non-current receivables		
Derivatives, refer to the table below	<u>688,553</u>	<u>632,417</u>
Total	688,553	632,417
Current receivables		
Derivatives, refer to the table below	<u>381,076</u>	<u>107,700</u>
Total	381,076	107,700
Total	1,069,629	740,117
Liabilities external financial counterparties SEK 000s	2014	2013
Non-current liabilities		
Bond issues	-	3,764,781
Derivatives, refer to the table below	88,056	332,161
Other non-current loans with maturities > 5 years	1,850,000	-
Other non-current loans with maturities >1 year, < 5 years	1,696,583	1,619,468
Transaction costs, non-current loans	<u>-2,206</u>	<u>-9,334</u>
Total	3,632,433	5,707,076
Current liabilities		
Derivatives, refer to the table below	647,383	271,034
Bond issues	4,241,212	1,000,000
Loans with maturities <1 year	5,258,965	6,154,881
Accounts payable	<u>23</u>	<u>45</u>
Total	10,147,583	7,425,960
Total	13,780,016	13,133,035

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	2014	2013
Currency derivatives	3,598	-73,572
Fixed-income derivatives	616,226	341,391
Commodity derivatives	-285,634	-130,897
Total	334,190	136,922

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.

		Dec. 31, 2014	Dec. 31, 2013
Commercial paper program	Nominal SEKm	Utilized SEKm	Utilized SEKm
Swedish SEK 15,000m	15,000	5,117	5,673
Belgian EUR 400m	3,814	142	222
Total	18,814	5,259	5,895

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 28,602m) and as of December 31, 2014, SCA Finans's portion of EUR 105 (224) was outstanding with an average maturity of 0.9 years (1.0). USD 414m (SEK3,240m) 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	2014	2013
Maturity > 5 years		
USD deposits	-	-
SEK deposits	1,850,000	-
EUR deposits	-	-
Total	1,850,000	-
Maturity > 1 year, < 5 years		
USD deposits	173,066	141,502
SEK deposits	800,000	800,000
GBP deposits	-	-
EUR deposits	<u>723,516</u>	<u>677,966</u>
Total	1,696,583	1,619,468

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.

		Carrying amount SEK 000s	Fair value, SEKm
Bond issues	Maturity years	Dec. 31, 2014	Dec. 31, 2014
Notes USD 414m	2015	3,239,952	3,240
Index Linked Interest Note SEK 300m	2015	374,301	374
Index Linked Interest Note SEK 500m	2015	626,960	627

Total		4,241,213	4,241				
Maturity profile of undiscounted external financial liabilities including net and gross-settled derivatives							
SEK 000s	Total	2015	2016	2017	2018	2019	2020+
Commercial paper	5,258,965	5,258,965	-	-	-	-	-
Bond issues	4,241,213	4,241,213	-	-	-	-	-
Non-current loans	3,546,582	723,516	-	173,066	800,000	-	1,850,000
Derivatives, net-settled liabilities	300,553	243,630	54,588	2,335	-	-	-
Derivatives, net-settled assets	-14,919	-12,522	-2,378	-19	-	-	-
Derivatives, gross-settled	-619,824	60,710	-302,045	-45,637	-	-	-332,852
Interest on loans*	300,763	164,107	48,233	32,742	23,705	12,685	19,291
Total	13,013,333	10,679,619	-201,602	162,487	823,705	12,685	1,536,439

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

SEK 000s	Total	2015	2016	2017	2018	2019	2020+
Assets	30,009,354	18,851,416	6,131,877	541,324	-	-	4,484,737
Liabilities	-29,389,530	-18,912,126	-5,829,832	-495,687	-	-	-4,151,885
Total	619,824	-60,710	302,045	45,637	-	-	332,852

* 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, 2014		
Derivatives		
Gross amount	4,219,764	3,793,571
Offsettable amount	-1,323,115	-1,323,115
Net amount recognized in the balance sheet	2,896,649	2,470,456
ISDA agreements whose transactions are not offset in the balance sheet	-313,771	-313,771
Net after offsetting in accordance with ISDA agreements	2,582,878	2,156,685
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

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	2014	2013
Accrued interest income, external financial counterparties	-	406
PRI	350	333
Other	451	307
Total	801	1,046

NOTE 16 ACCRUED EXPENSES AND DEFERRED INCOME

SEK 000s	2014	2013
Accrued interest expense, external financial counterparties	116,012	150,285
Accrued social security costs	700	711
Accrued vacation pay liability	563	599
Accrued bonuses	1,132	1,174
Other	450	402
Total	118,857	153,171

NOTE 17 ADJUSTMENTS FOR NON-CASH ITEMS, ETC.

SEK 000s	2014	2013
Net effect of Group contributions	<u>-1,449,681</u>	<u>-1,662,919</u>
	-1,449,681	-1,662,919
<i>Non-cash items</i>		
Depreciation/amortization	-	173
Capital gain, trademarks	0	-
Dissolution of excess amortization, trademarks	-	-173
Change in accrued interest	<u>-33,866</u>	<u>27,669</u>
	-33,866	27,669
Total	-1,483,547	-1,635,250

NOTE 18 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 19 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 29, 2015

Fredrik Rystedt
Chairman of the Board

Johan Rydin
President

Mikael Schmidt
Board member

Our auditors' report was submitted on April 29, 2015

PricewaterhouseCoopers AB

Theodor Hugosson
Authorized Public Accountant