



ANNUAL REPORT 2015

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 951,666 (1,152,531) and is mainly attributable to the company's net interest income, foreign-exchange gains and royalties pertaining to trademarks.

Proposed distribution of earnings

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

	Dec. 31, 2015
Retained earnings, SEK	51,713,073,201
Group contribution, net after tax, SEK	-675,871,357
Profit for the year	<u>741,428,752</u>
	51,778,630,596

The Board of Directors and President propose:

To be carried forward SEK 51,778,630,596

A Group contribution, net after tax, totaling SEK 51,862,057 was made to SCA Treasury B.V. the Netherlands, Stockholm Branch, at the same time as a Group contribution of SEK 814,639,683 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	2015	2014
	SEK 000s	SEK 000s
Interest income (Note 3)	1,899,313	2,924,018
Interest expense (Note 3)	<u>-936,653</u>	<u>-1,676,813</u>
Net interest income	962,660	1,247,205
Other operating income	387,679	1,086,952
Other operating expenses	<u>-386,319</u>	<u>-1,170,603</u>
Other operating items (Note 4)	1,360	-83,651
Subtotal (Note 9)	964,020	1,163,554
Operating expenses		
Personnel costs (Note 5)	-6,609	-10,740
Amortization of intangible assets (Note 6)	-	-
Depreciation of tangible assets (Note 7)	-	-
Other external costs (Note 8)	<u>-5,745</u>	<u>-283</u>
Total operating items	-12,354	-11,023
Operating profit	951,666	1,152,531
Tax on profit for the year (Note 10)	-210,237	-253,559
Profit for the year	741,429	898,972
STATEMENT OF COMPREHENSIVE INCOME		
	2015	2014
	SEK 000s	SEK 000s
Profit for the year	741,429	898,972
Other comprehensive income	-	-
Total comprehensive income	741,429	898,972

BALANCE SHEET	Dec. 31, 2015	Dec. 31, 2014
	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 11)	1,999,429	2,290,483
Financial assets (Note 12)	<u>312,277</u>	<u>688,553</u>
Total financial non-current assets	2,311,706	2,979,036
Total non-current assets	2,311,956	2,979,286
Current assets		
Receivables from Group companies (Note 11)	82,718,201	102,700,288
Financial assets (Note 12)	371,283	381,076
Other receivables	1,985	1,670
Tax asset (Note 10)	10,832	10,832
Prepaid expenses and accrued income (Note 14)	1,275	801
Other current investments (Note 12)	149,981	-
Cash and bank balances	<u>60,833</u>	<u>174,622</u>
Total current assets	83,314,390	103,269,289
TOTAL ASSETS	<u>85,626,346</u>	<u>106,248,575</u>

BALANCE SHEET	Dec. 31, 2015	Dec. 31, 2014
	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	51,037,202	50,814,101
Profit for the year	<u>741,429</u>	<u>898,972</u>
Total unrestricted equity	51,778,631	51,713,073
Total equity	63,237,406	63,171,848
Provisions for pensions (Note 5)	497	332
Other provisions	-	175
Liabilities		
Non-current liabilities		
Liabilities to Group companies (Note 11)	649,746	900,001
Financial liabilities (Note 12)	2,272,005	3,632,433
Other liabilities	<u>3,912</u>	<u>3,669</u>
Total non-current liabilities	2,925,663	4,536,103
Current liabilities		
Liabilities to Group companies (Note 11)	17,615,181	28,273,515
Financial liabilities (Note 12)	1,830,755	10,147,583
Accrued expenses and deferred income (Note 15)	16,646	118,857
Other liabilities	126	139
Accounts payable (Note 12)	<u>72</u>	<u>23</u>
Total current liabilities	19,462,780	38,540,117
Total liabilities	22,388,443	43,076,220
TOTAL EQUITY, PROVISIONS AND LIABILITIES	<u>85,626,346</u>	<u>106,248,575</u>
Pledged assets		
Collateral for trading in derivatives (Note 12)	-	-
Contingent liabilities		
FPG (Försäkringsbolaget PRI Pensionsgaranti)	498	489

STATEMENT OF CHANGES IN EQUITY

SEK 000s				
2014	Share capital	Statutory reserve	Retained earnings and profit for the year	Total equity
Equity at December 31, 2013	357,353	11,101,422	51,666,221	63,124,996
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
SEK 000s				
2015	Share capital	Statutory reserve	Retained earnings and profit for the year	Total equity
Equity at January 1, 2015	357,353	11,101,422	51,713,073	63,171,848
Profit for the year from the income statement			741,429	741,429
Other comprehensive income			-	-
Total comprehensive income			741,429	741,429
Transactions with owners				
Deductible Group contribution			-866,501	-866,501
Tax effect Group contribution			190,630	190,630
Total transactions with owners			-675,871	-675,871
Equity at December 31, 2015	357,353	11,101,422	51,778,631	63,237,406

CASH-FLOW STATEMENT	2015	2014
	SEK 000s	SEK 000s
Operating profit + appropriations	951,666	1,152,531
Net effect of intra-Group flows (Note 16)	-840,003	-1,449,681
Adjustments for non-cash items, etc. (Note 16)	<u>-101,274</u>	<u>-33,866</u>
	10,389	-331,016
Tax payments	-19,609	-32,048
Operating receivables	-480	-116
Operating liabilities	<u>91</u>	<u>-5,347</u>
Working capital	-389	-5,463
Current loans	19,991,887	-2,310,835
Non-current loans	<u>667,330</u>	<u>-2,220,002</u>
Loans	20,659,217	-4,530,837
Pension liability	-9	140
Other non-current liabilities	<u>243</u>	<u>622</u>
Non-interest bearing non-current liabilities	234	762
Cash flow from operating activities	20,649,842	-4,898,602
Cash flow from investing activities	0	0
Current loans	-14,761,755	2,449,133
Non-current loans	<u>-5,851,895</u>	<u>2,408,069</u>
Loan financing	-20,613,650	4,857,202
Cash flow from financing activities	-20,613,650	4,857,202
Cash flow for the year	36,192	-41,400
Cash and cash equivalents, January 1	174,622	216,022
Change in cash and cash equivalents	<u>36,192</u>	<u>-41,400</u>
Cash and cash equivalents, December 31	210,814	174,622
Supplementary disclosures		
Cash and cash equivalents		
Cash and bank balances	60,833	174,622
Current investments	<u>149,981</u>	-
Total cash and cash equivalents	210,814	174,622
Interest paid and received		
Interest paid	-354,988	-566,189
Interest received	<u>1,360,667</u>	<u>2,034,078</u>
Total interest paid and received	1,005,679	1,467,889

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.

NEW ACCOUNTING STANDARDS

IFRS 9 Financial instruments

IFRS 9 Financial instruments was issued in July 2014 and is a new standard that will replace IAS 39. The standard is divided into three areas: Classification and measurement of financial assets and liabilities, impairment and hedging. The standard become mandatory effect on January 1 2018 with prospective application permitted.

SCA has not fully evaluated the effects of IFRS 9 nor decided whether it will apply IFRS 9 prospectively.

IFRS 16

In January 2016, the IASB published a new leases standard that will replace IAS 17 Leasing agreements. The standard is applicable to fiscal year beginning on January 1, 2019 or later. Early application is permitted. The standard has not yet been adopted by the EU. The Group has not yet evaluated the effects of IFRS 16.

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, except those who pertains to hedge accounting of foreign net assets for the group, 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 2015 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 74% (59) as of December 31, 2015. 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 3 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 positive impact of SEK 4m (neg 66) on AB SCA Finans' earnings. As of December 31, 2015, outstanding currency positions with a carrying amount of negative SEK 0,2m (neg 15) 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 decrease the outstanding carrying amount by SEK 0,1m (increase 8), including derivatives outstanding on the balance-sheet date.

Currency sensitivity by currency, SEKm

CAD	-0,1
EUR	-0,2
GBP	0,1
USD	0,1
TOTAL	-0,1

Interest-rate risk

Net interest income during the year had a positive impact of SEK 963m (1,247) 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 634m annually (635), 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; cf. Note 12.

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, 2015, the credit risk associated with financial cash instruments amounted to SEK 211m (175). Credit exposure associated with derivative instruments totaled SEK 293m (360).

As of December 31, 2015, no receivables had fallen due for payment. No provisions were made in 2015 for possible or confirmed credit losses. There was deemed to be no provision requirement for bad debts as of December 31, 2015. Credit risk in accounts receivable is managed in accordance with SCA's proactive credit checks.

Price risk

As of December 31, 2015, external energy derivatives of 7.9 TWh (7.4) 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 (1) in 2015. The net position on December 31, 2015 amounted to SEK 0m (-1), cf. Notes 11 and 12.

NOTE 3 INTEREST INCOME AND INTEREST EXPENSE

SEK 000s	2015	2014
External financial counterparties		
Interest income	611,619	647,681
Market revaluation of fixed-income derivatives	-249,978	256,281
Interest expense	<u>-458,192</u>	<u>-662,177</u>
Net interest income external financial counterparties	-96,551	241,785
Group companies		
Interest income Group companies	1,287,694	2,276,337
Market revaluation of fixed-income derivatives	289,340	-477,806
Interest expense Group companies	<u>-517,823</u>	<u>-793,111</u>
Net interest income Group companies	1,059,211	1,005,420
Net interest income	962,660	1,247,205

NOTE 4 OTHER OPERATING ITEMS

SEK 000s	2015	2014
Exchange-rate result	33,688	-118,405
Energy losses	-354,361	-289,693
Financial expenses	-2,861	-3,510
Exchange-rate differences	<u>-47,096</u>	<u>-745,049</u>
Total external financial counterparties	-370,630	-1,156,657
Royalties, Group companies	-	1,112
Capital gains, trademarks	-	0
Exchange-rate result, Group companies	-30,232	50,932
Energy gains, Group companies	355,302	290,575
Other operating items	-15,092	-13,529
Exchange-rate differences, Group companies	<u>62,012</u>	<u>743,916</u>
Total Group companies	371,990	1,073,006
Total other operating items	1,360	-83,651

NOTE 5 PERSONNEL COSTS

Salaries and remuneration SEK 000s	2015	2014
Board of Directors, President, Executive Vice Presidents and senior executives ¹⁾	-	-
of which, variable salary	-	-
Other employees	<u>3,963</u>	<u>6,839</u>
Total	3,963	6,839
Social security costs SEK 000s		
Total social security costs	2,579	3,784
of which, pension costs ²⁾	741	1,228

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 594,000 (593,000) 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 2015.

Pension costs SEK 000s	2015	2014
Self-administered pension plans		
Cost excluding interest expense	147	355
Interest expense (recognized in personnel costs)	<u>12</u>	<u>11</u>
Total	159	366
Retirement through insurance		
Insurance premiums	445	596
Other	<u>19</u>	<u>19</u>
Total	464	615
Tax on returns	1	1
Special payroll tax on pension costs	119	218
Cost for credit insurance, etc.	<u>-2</u>	<u>28</u>
Total	118	247
Pension cost for the year	741	1,228

Pension liabilities regarding retirement pensions have been secured by a joint Swedish SCA pension foundation. As of December 31, 2015, the market value of AB SCA Finans' portion of the foundation's assets amounted to SEK 32,699,000 (29,440,000). An allowance was received totaling SEK 697,000 (471,000) in 2015. As of December 31, 2015, the capital value of the pension obligations was SEK 24,389,000 (24,100,000). Pension payments of SEK 691,000 (697,000) were made in 2015. The value of the assets was higher than the pension obligations on December 31, 2015 in the amount of SEK 8,310,000 (5,340,000).

Capital value of pension obligations relating to self-administered pension plans, SEK 000s	2015	2014
Balance, January 1	332	192
Cost excluding interest expense	147	355
Interest expense (recognized in personnel costs)	12	11
Payment of pensions	<u>6</u>	<u>-226</u>
Balance, December 31	497	332

The capital value of the pension obligations as at December 31, 2015 pertains to obligations regarding ITP1 amounting to SEK 497,000 (332,000), which SCA recognizes as a "self-administered pension plan." The discount rate is 3.7% (5.8). 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 47,000 (57,000). Personnel costs also include other personnel costs amounting to SEK 67,000 (117,000).

Average number of employees	2015	2014
Sweden	6	7
of whom women, %	67	57

Of the total of three (three) Board members and senior executives, none are women (unchanged compared with 2014).

NOTE 6 INTANGIBLE ASSETS

Trademarks SEK 000s	2015	2014
Cost, January 1	-	817,166
Investments	-	-
Divestments	-	<u>-817,166</u>
Accumulated cost, December 31	-	-
Amortization, January 1	-	-817,166
Divestments	-	817,166
Amortization for the year	-	-
Accumulated amortization, December 31	-	-
Planned residual value, December 31	-	-

Goodwill, Trademarks SEK 000s	2015	2014
Cost, January 1	-	249,532
Divestments	-	<u>-249,532</u>
Accumulated cost, December 31	-	-
Amortization, January 1	-	-249,532
Divestments	-	249,532
Amortization for the year	-	-
Accumulated amortization, December 31	-	-
Planned residual value, December 31	-	-

NOTE 7 TANGIBLE ASSETS

Equipment SEK 000s	2015	2014
Cost, January 1	250	250
Investments	-	-
Accumulated cost, December 31	250	250
Depreciation, January 1	0	0
Depreciation for the year	-	-
Accumulated depreciation, December 31	0	0
Planned residual value, December 31	250	250

NOTE 8 OTHER EXTERNAL EXPENSES

Auditing expenses SEK 000s	2015	2014
PwC		
Audit assignment	-675	-574
Auditing activities other than audit assignment	-	-
Tax consultancy services	-	-
Other services	-	-
Total	-675	-574

NOTE 9 REVENUE BY REVENUE CLASS

Revenue class SEK 000s	2015	2014
Operational interest-rate and currency hedging including position taking	3,456	-67,474
Net interest income, external financial counterparties	153,427	-14,496
Net interest income, Group companies	769,871	1,483,226
Royalty including capital gains	-	1,112
Other	37,266	-238,814
Total	964,020	1,163,554

NOTE 10 TAXES

Tax on profit for the year SEK 000s	2015	2014
Current tax expense	<u>-210,237</u>	<u>253,559</u>
Total	-210,237	-253,559

Reconciliation SEK 000s	2015		2014	
	SEKm	%	SEKm	%
Tax expense	-210,237	22,1	-253,559	22,0
Expected tax	<u>-209,366</u>	<u>22,0</u>	<u>-253,557</u>	<u>22,0</u>
Difference	-871	0,1	-2	0,0

Difference is due to:

Taxes attributable to previous periods	51	0,0	-	0,0
Other non-taxable/non-deductible items	<u>-922</u>	<u>0,1</u>	<u>-2</u>	<u>0,0</u>
Total	-871	0,1	-2	0,0

Current tax expense SEK 000s	2015	2014
Adjustments previous periods	51	-
Income tax for the period	<u>-210,288</u>	<u>-253,559</u>
Total	-210,237	-253,559

CURRENT TAX ASSET

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

SEK 000s	2015	2014
Balance, January 1	-10,832	-7,998
Adjustments previous periods	51	-
Current tax expense/income	-210,237	-253,559
Paid tax	19,556	32,048
Tax income/expense, other Group companies	<u>190,630</u>	<u>240,341</u>
Tax asset, December 31	-10,832	-10,832

AB SCA Finans made a Group contribution of SEK 51,862,000 (86,376,000) to SCA Treasury B.V. Holland, Stockholm Branch. The tax effect amounted to SEK 11,409,000 (19,002,000). The company made a Group contribution of SEK 814,640,000 (1,006,085,000) to Svenska Cellulosa Aktiebolaget SCA. The tax effects amounted to SEK 179,221,000 (221,339,000).

NOTE 11 FINANCIAL INSTRUMENTS, GROUP COMPANIES

Receivables from Group companies, SEK 000s	2015	2014
Non-current receivables		
Loans	1,891,307	2,233,597
Derivatives, refer to table below	<u>108,122</u>	<u>56,886</u>
Total	1,999,429	2,290,483
Current receivables		
Loans	81,021,713	100,850,091
Derivatives, refer to table below	1,673,168	1,770,134
Accrued interest	23,271	80,021
Other	<u>49</u>	<u>42</u>
Total	82,718,201	102,700,288
Total	84,717,630	104,990,771
Liabilities to Group companies SEK 000s		
Non-current liabilities		
Deposits	186,338	171,220
Derivatives, refer to table below	<u>463,408</u>	<u>728,781</u>
Total	649,746	900,001
Current liabilities		
Deposits	15,879,283	26,821,235
Derivatives, refer to table below	1,310,764	1,006,236
Accrued interest	13,756	62,494
Group contributions	410,252	383,753
Other	<u>1,126</u>	<u>-203</u>
Total	17,615,181	28,273,515
Total	18,264,927	29,173,516

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	2015	2014
Current derivatives	42,518	533,454
Fixed-income derivatives	-461,183	-726,384
Commodity derivatives	425,783	284,933
Total	7,118	92,003

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

Non-current receivables SEK 000s	2015	2014
HKD loans	1,023,492	1,514,295
CNY loans	720,530	328,305
USD loans	-	269,578
INR loans	125,685	92,438
BRL loans	<u>21,600</u>	<u>28,981</u>
Total	1,891,307	2,233,597

Current receivables SEK 000s	2015	2014
SEK loans	30,260,000	83,547,825
EUR loans	953,757	11,925,470
Other currencies and cashpool	<u>49,807,956</u>	<u>5,376,796</u>
Total	81,021,713	100,850,091

Non-current liabilities SEK 000s	2015	2014
USD deposits	<u>186,338</u>	<u>171,220</u>
Total	186,338	171,220

Current liabilities SEK 000s	2015	2014
SEK deposits	-	7,172,960
EUR deposits	2,981,335	12,579,109
Other currencies and cashpool	<u>12,897,948</u>	<u>7,069,166</u>
Total	15,879,283	26,821,235

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

SEK 000s	Total	2016	2017	2018	2019	2020+
Receivables	82,913,069	81,021,762	721,884	323,208	720,530	125,685
Derivatives, net-settled	453,741	357,826	90,535	5,380	-	-
Derivatives, gross settled	-418,664	-214,436	-88,195	-72,489	-38,674	-4,870
Interest*	1,241,059	1,081,774	74,163	58,458	25,723	941
Total	84,189,205	82,246,926	798,387	314,557	707,579	121,756
Liabilities	16,066,747	15,880,409	186,338	-	-	-
Derivatives, net-settled	27,957	25,738	2,213	6	-	-
Interest*	463,964	463,964	-	-	-	-
Total	16,558,668	16,370,111	188,551	6	-	-
Net total	100,747,873	98,617,037	986,938	314,563	707,579	121,756

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

SEK 000s	Total	2016	2017	2018	2019	2020+
Assets	116,439,328	105,659,766	508,482	492,720	316,216	9,462,144
Liabilities	-116,857,992	-105,874,202	-596,678	-565,208	-354,889	-9,467,015
Total	-418,664	-214,436	-88,196	-72,488	-38,673	-4,871

* 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 12 FINANCIAL INSTRUMENT EXTERNAL FINANCIAL COUNTERPARTIES

Receivables external financial counterparties SEK 000s	2015	2014
Non-current receivables		
Derivatives, refer to the table below	<u>312,277</u>	<u>688,553</u>
Total	312,277	688,553
Current receivables		
Derivatives, refer to the table below	371,283	381,076
Cash/Cash equivalent	<u>149,981</u>	-
Total	521,264	381,076
Total	833,541	1,069,629
Liabilities external financial counterparties SEK 000s	2015	2014
Non-current liabilities		
Bond issues	-	-
Derivatives, refer to the table below	230,747	88,056
Other non-current loans with maturities > 5 years	1,850,000	1,850,000
Other non-current loans with maturities >1 year, < 5 years	192,869	1,696,583
Transaction costs, non-current loans	<u>-1,611</u>	<u>-2,206</u>
Total	2,272,005	3,632,433
Current liabilities		
Derivatives, refer to the table below	555,624	647,383
Bond issues	-	4,241,212
Loans with maturities <1 year	1,275,131	5,258,965
Accounts payable	<u>72</u>	<u>23</u>
Total	1,830,827	10,147,583
Total	4,102,832	13,780,016

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	2015	2014
Currency derivatives	-26,381	3,598
Fixed-income derivatives	349,354	616,226
Commodity derivatives	-425,783	-285,634
Total	-102,810	334,190

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, 2015	Dec. 31, 2014
Commercial paper program	Nominal SEKm	Utilized SEKm	Utilized SEKm
Swedish SEK 15,000m	15,000	910	5,117
Belgian EUR 400m	3,652	365	142
Total	18,652	1,275	5,259

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 4,000m (SEK 36,522m) and as of December 31, 2015, SCA Finans's portion of outstanding amount was 0. 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	2015	2014
Maturity > 5 years		
USD deposits	-	-
SEK deposits	1,850,000	1,850,000
EUR deposits	-	-
Total	1,850,000	1,850,000
Maturity > 1 year, < 5 years		
USD deposits	192,869	173,066
SEK deposits	-	800,000
GBP deposits	-	-
EUR deposits	-	<u>723,516</u>
Total	192,869	1,696,583

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.

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

SEK 000s	Total	2016	2017	2018	2019	2020	2021+
Commercial paper	1,275,131	1,275,131	-	-	-	-	-
Bond issues	-	-	-	-	-	-	-
Non-current loans	2,042,869	-	192,869	-	-	-	1,850,000
Derivatives, net-settled liabilities	453,102	357,232	90,490	5,380	-	-	-
Derivatives, net-settled assets	-27,319	-25,153	-2,160	-6	-	-	-
Derivatives, gross-settled	-322,973	-145,664	-33,995	5,252	-228	2,773	-151,111
Interest on loans*	60,654	21,328	9,662	8,523	8,523	8,408	4,210
Total	3,481,464	1,482,874	256,866	19,149	8,295	11,181	1,703,099

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

SEK 000s	Total	2016	2017	2018	2019	2020	2021+
Assets	36,389,383	24,923,760	6,119,804	811,715	118,853	-	4,415,251
Liabilities	-36,066,410	-24,778,096	-6,085,809	-816,967	-118,625	-2,773	-4,264,140
Total	322,973	145,664	33,995	-5,252	228	-2,773	151,111

* 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 13 Offsetting of financial assets and liabilities

SEK 000s	Assets	Liabilities
December 31, 2015		
Derivatives		
Gross amount	3,475,482	3,558,974
Offsettable amount	-1,010,639	-1,010,639
Net amount recognized in the balance sheet	2,464,843	2,548,335
ISDA agreements whose transactions are not offset in the balance sheet	-167,467	-167,467
Net after offsetting in accordance with ISDA agreements	2,297,376	2,380,868
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

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

NOTE 14 PREPAID EXPENSES AND ACCRUED INCOME

SEK 000s	2015	2014
Accrued interest income, external financial counterparties	-	-
PRI	336	350
Other	939	451
Total	1,275	801

NOTE 15 ACCRUED EXPENSES AND DEFERRED INCOME

SEK 000s	2015	2014
Accrued interest expense, external financial counterparties	14,738	116,012
Accrued social security costs	462	700
Accrued vacation pay liability	371	563
Accrued bonuses	596	1,132
Other	479	450
Total	16,646	118,857

NOTE 16 ADJUSTMENTS FOR NON-CASH ITEMS, ETC.

SEK 000s	2015	2014
Net effect of Group contributions	<u>-840,003</u>	<u>-1,449,681</u>
	-840,003	-1,449,681
<i>Non-cash items</i>		
Depreciation/amortization	-	-
Capital gain, trademarks	-	0
Change in accrued interest	<u>-101,274</u>	<u>-33,866</u>
	-101,274	-33,866
Total	-941,277	-1,483,547

NOTE 17 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 11 and 12. 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