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REPORT OF THE DIRECTORS

The Board of Directors and the President of Skanska Financial Services AB (publ) hereby submit their report on the operations of both the company and the Group in 2015.

<u>Business activities</u>
The Parent Company Skanska Financial Services AB (SFS) is a wholly owned subsidiary of Skanska AB, which has its registered office in Stockholm municipality (556000-4615). Skanska AB is a public limited company with shares listed on Nasdaq Stockholm, Large Cap list.

Financing activities
SFS provides support functions to Skanska AB and the Skanska Group's business units. SFS coordinates the Groups relationships with financial markets and institutions. SFS is responsible for managing the Group's borrowing and for making sure that the Group has sufficient liquidity. SFS coordinates and executes operational financial transactions for the Business Units.

The activities are conducted within strictly regulated frameworks established by the Group's Board of Directors. SFS secures solutions for or negotiates contract guarantees, insurance and financing for projects. SFS also manages risks associated with the Group's operations, such as interest-rate, foreign exchange, credit and counterparty risk, and risks relating to borrowing and liquidity.

Insurance activities
Skanska Försäkrings AB (SF), (corporate identity number 516401-8664), registered in Stockholm, handles insurance-related matters. SF is a wholly owned subsidiary of SFS. SF signs insurance contracts solely for the risks and interests relating to Skanska Group's operations. The risks covered mainly relate to contract, property and liability-related insurance policies for Skanska's subsidiaries. Insurance policies are signed directly, in certain cases as co-assurance and as reinsurance received.

<u>Events during the year</u>
During the final quarter two bilateral loans with Nordiska Investeringsbanken (NIB) were repaid in the amount of EUR 200 M.

In April 2015 Therese Tegner took over as the new President.

The employee turnover rate during the year was 7.4 percent (9.85).

<u>Earnings and financial position SFS Group</u>
The Group's net interest income amounted to SEK 416 M (338) in 2015. The increase is due to higher interest income. as a consequence of increased intra-group borrowing. Lower market interest has resulted in lower interest expense. Pre-tax profit amounted to SEK 272 M (220).
The Group's other operating revenue has decreased due to weaker earnings in the insurance operations.

Interest-bearing assets amounted to SEK 32,674 M (30,795). SEK 25,168 M (24,430) of these are intra-group receivables. Interest-bearing financial liabilities amounted to SEK 31,790 M (29,685). SEK 26,304 M (23,090) of these are intra-group receivables.

Cash flow for the year amounted to SEK 1,285 M (1,428).

Parent Company earnings and financial position

The Parent Company's net interest income for 2015 amounted to SEK 384 M (323). Pre-tax profit amounted to SEK 307 M (193). Cash flow for the year amounted to SEK 1,290 M (1,428).

Information on financial risks

Through its operations, aside from business risk, the SFS Group is exposed to various financial risks such as credit risk, liquidity risk and market risk. These risks are associated with the Group's recognized financial instruments such as cash and cash equivalents, interest-bearing receivables, borrowings and derivatives.

Based on the Skanska Group's Financial Policy, Skanska's Board of Directors establishes guidelines, objectives and limits each year for financial management and management of the Group's risks. The Financial Policy stipulates the division of responsibility between Skanska's Senior Executive Team, SFS and the Business Units. SFS has operational responsibility for securing financing for the Skanska Group and for managing liquidity, financial assets and liabilities.

Credit risk

Credit risk describes the Group's risk from financial assets and arises if a counterparty does not fulfill its contractual payment obligations to SFS.

Financial credit risk – risk in interest-bearing assets

Financial credit risk is the risk SFS is exposed to in relation to financial counterparties in investing surplus funds, bank account balances and investments in financial assets. Credit risk also arises in the use of derivative instruments and consists of the risk that a potential gain will not be realized if a counterparty fails to fulfill its part of the contract. In order to reduce the credit risk associated with derivatives, SFS has signed standardized ISDA netting agreements with all financial counterparties with which it enters into derivative contracts.

Market risk

Market risk is the risk that the fair value of financial instruments or future cash flows from financial instruments will fluctuate due to changes in market prices. The main market risks for SFS are interest-rate risk and exchange-rate risk.

Interest-rate risk

Interest-rate risk is the risk that changes in interest rates will adversely affect the Group's financial items and cash flow (cash flow risk) or the fair value of financial assets and liabilities (fair value interest-rate risk). For the Skanska Group, exposure to fair value interest-rate risk arises primarily from interest-bearing borrowing. To limit the risk, fixed interest-rate maturities are to be staggered and have a weighted average remaining fixed interest period of two years with a permitted +/- one-year deviation. The change in fair value is measured for interest-bearing assets and liabilities including derivatives in the case of an increase of one percentage point in the interest rate across all maturities, and in the case of a positive or negative shift in the interest rate of one half of a percentage point. The change in fair value may not exceed SEK 150 M for any of these interest-rate scenarios measured as the relative deviation against a comparative portfolio with a weighted average fixed interest period of two years whichhas been identified as risk-neutral maturity.

Foreign-exchange rate risk

Foreign-exchange rate risk is defined as the risk of a negative impact on SFS's income statement and statement of financial position due to exchange rate fluctuations. This risk can be divided up into transaction exposure, i.e. net operating and financial (interest/principal payment) flows, and translation exposure related to net investments in foreign Group companies.

Significant events after the closing day
There were no significant events after the closing day.

Anticipated future development
The basic business operations will remain the same.
Management of financial risks will remain an important focus in the year ahead.

Non-financial result indicators
To attract and retain employees, the Skanska Group has, among other things, developed an employee ownership program, Seop. All permanent employees of the Skanska Group are entitled to participate in the program.

Every year an employee survey is carried out at SFS to get an idea of employee satisfaction, well-being and the need for development measures. The survey results over the years have been consistently positive.

SFS works according to an equal treatment plan that is revised yearly. The plan for equal treatment is based on Swedish laws and is supported by Skanska AB's Code of Conduct and associated Compliance Guidelines. The plan for equal treatment covers rights, responsibilities and opportunities regardless of gender, age, ethnic group, religion or other belief system, sexual orientation, disability, or part-time or temporary employment.

Proposed allocation of Parent Company earnings
The Board of Directors proposes that the available profit of SEK 140,310,083 be allocated as follows:

To be carried forward: SEK 140,310,083

For more information about the Parent Company's results and financial position at year-end, see the following income statements, statements of financial position, balance sheets and cash flow statements.

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report for 2015 has been reviewed by the company's external auditors. It is part of the Report of the Directors and contains information in compliance with Chapter 6, Section 6 of the Annual Accounts Act.

Corporate governance principles
SFS is a Swedish public limited company. SFS bonds are issued on Nasdaq Stockholm. SFS is governed in accordance with the Articles of Association, the Swedish Companies Act, the Nasdaq Stockholm rule book for issuers and other applicable Swedish and foreign laws.

Articles of Association

The Articles of Association are adopted by the shareholders' meeting and are required to contain a number of mandatory disclosures of a fundamental nature for the company. They state, for example, the nature of the company's business, the size of the Board of Directors and the location of its registered office, the size of the share capital, the number of shares and how notice of shareholders' meetings is to be provided. The Articles of Association do not contain any provisions concerning dismissal of board members or amending the Articles of Association.

Internal control and risk management

The Board's Procedural Rules stipulate the duties of the Board and which tasks and decision-making powers the Board has delegated to the President. The Board makes decisions on general company issues and the President, in addition to being responsible for day-to-day management of SFS, is responsible for ensuring that SFS and its subsidiaries comply with the adopted guidelines and applicable rules and also keep the Board informed of any non-compliance.

Among the most important governing documents the companies are to comply with are the Financial Policy, which is adopted by the Board of Skanska AB for the entire Group, and risk instructions adopted annually by the Board of SFS.

The Board has given Middle Office, an independent risk department within SFS, responsibility for risk management within SFS and Skanska's various Business Units. The rules for this assignment are stipulated in SFS's risk instructions, which are based on and aligned with Skanska AB's Financial Policy.

The main risks identified and managed by Middle Office are risks relating to liquidity, interest rates, foreign-exchange rates, counterparties and the operational risk relating to dealing with these risks. Middle Office reports to Skanska AB's Senior Executive Team on compliance with the Financial Policy and risk instructions. To ensure that limits are not exceeded, Middle Office consults with the Head of Treasury if risks are believed to exceed 90% of the established limit.

In addition to the governing documents mentioned above, more detailed instructions regarding documentation and monitoring financing reporting are provided in SFS's Documentation of Financial Processes. Financial reporting is done in compliance with current rules and regulations and with Skanska AB's Accounting Manual, which describes in more detail Skanska's interpretation of accounting rules, and according to quarterly instructions issued by Skanska AB.

Other mandatory disclosures in compliance with the Annual Accounts Act, Chapter 6, Section 6

- SFS is 100 percent owned by Skanska AB.
- The Articles of Association state that the Board of Directors is to have a minimum of three and a maximum of nine members, with up to two deputy members. The members and deputy members are to be elected annually at the Annual General Meeting for the period until the end of the next Annual General Meeting.

The shareholders' meeting has not authorized the Board of Directors to decide that the company will issue or acquire treasury shares.

Consolidated income statement (SEK M)	Note	2015	2014
Operating revenue			
Interest income	5	672	619
Financial expense	6	-257	-281
Net interest items		**416**	**338**
Financial instruments measured at fair value	4	-48	-58
Net profit from other financial transactions	7	-26	-31
Gross income		**343**	**248**
Administrative expenses	8,9	-94	-92
Other operating revenue	10	23	64
Pre-tax profit		**272**	**220**
Tax on profit for the year	11	-61	-50
Profit for the year		**211**	**170**

Consolidated statement of comprehensive income (SEK M)	2015	2014
Profit for the year	**211**	**170**
Other comprehensive income		
Items that will not be reclassified to profit or loss for the period		
Remeasurement of defined-benefit pension plans	17	-16
Tax related to items that will not be reclassified to profit or loss for the period	-4	4
	14	**-13**
Items that have been or will be reclassified to profit or loss for the period		
Translation differences	-14	26
Effects of cash flow hedges	53	-122
Tax related to items that have been or will be reclassified to profit for the period	-12	27
	28	**-68**
Other comprehensive income after tax	**41**	**-81**
Total comprehensive income for the year	**252**	**89**

Consolidated statement of financial position (SEK M)

ASSETS	Note	2015	2014
Non-current assets			
Property, plant and equipment			
Equipment	12	0	0
		0	0
Intangible non-current assets	13	4	5
		4	5
Financial non-current assets			
Receivables from Group companies	14	6 066	62
Other long-term investments	15	116	213
Deferred tax assets		30	44
		6 212	319
Total non-current assets		**6 216**	**325**
Current assets			
Receivables from Group companies		19 112	24 368
Other short-term investments		131	278
Financial current assets		203	164
Tax assets		4	11
Prepaid expenses and accrued income	16	17	117
Other receivables		2	4
		19 469	24 942
Short-term investments			
Cash		7 166	5 881
		7 166	5 881
Total current assets		**26 634**	**30 823**
TOTAL ASSETS		**32 850**	**31 148**
of which interest-bearing financial non-current assets		6 182	276
of which interest-bearing current assets		26 492	30 519
		32 674	30 795

EQUITY AND LIABILITIES (SEK M)		2015	2014
Share capital		50	50
Reserves		-80	-107
Retained earnings		496	420
Total equity		466	362
LIABILITIES			
Non-current liabilities			
Liabilities of Group companies	17	46	62
Financial non-current liabilities	17	3 071	6 513
Provisions for pensions	18	57	67
Deferred tax liabilities		164	150
		3 338	6 792
Current liabilities			
Financial current liabilities		2 660	608
Liabilities to Group companies		26 258	23 028
Tax liabilities		0	6
Provisions	19	85	92
Accrued expenses and prepaid income	20	32	247
Other liabilities		11	11
		29 046	23 993
Total liabilities		**32 384**	**30 785**
TOTAL EQUITY AND LIABILITIES		**32 850**	**31 148**
of which interest-bearing financial liabilities		31 790	29 685
of which interest-bearing pensions and provisions		57	67
		31 847	29 752
Assets pledged	21	**80**	**58**
Contingent liabilities	21	**1**	**1**

Consolidated statement of changes in equity (SEK M)

	Share capital	Translation reserve	Cash flow reserve hedge	Retained earnings	Total equity
Equity, January 1, 2014	**50**	**-22**	**-17**	**407**	**418**
Profit for the year				170	170
Other comprehensive income for the year		26	-95	-13	-81
Group contributions				-185	-185
Group contributions, tax				41	41
Equity, December 31, 2014/ Equity, January 1, 2015	**50**	**5**	**-112**	**420**	**362**
Profit for the year				211	211
Other comprehensive income for the year		-14	42	14	41
Group contributions				-191	-191
Group contributions, tax				42	42
Equity, December 31, 2015	**50**	**-9**	**-71**	**496**	**466**

Consolidated cash flow statement (SEK M)	2015	2014
Operating activities		
Pre-tax profit	272	220
Adjustments for items not included in cash flow, see supplementary ir	-213	444
Tax paid	-1	-2
	59	662
Adjustments for items not included in cash flow, see supplementary information 2.		
Cash flow from change in working capital		
Change in interest-bearing receivables, Group companies	-748	-2 606
Change in other interest-bearing receivables	161	111
Change in other non-interest-bearing receivables	109	-104
Change in interest-bearing liabilities, Group companies	3 214	3 412
Change in other non-interest-bearing liabilities	-229	157
Cash flow from operating activities	2 566	1 633
Investing activities		
Acquisition of property, plant and equipment	0	0
Contributions to pension fund and ITP 1 redemption	0	-46
Sale of other property, plant and equipment	0	0
Cash flow from investing activities	0	-46
Financing activities		
Group contributions/shareholder contributions	-191	-185
Dividend to Parent Company	0	0
Borrowings	1 088	849
Repayment of debt	-2 179	-822
Cash flow from financing activities	-1 281	-158
Cash flow for the year	1 285	1 428
Cash and cash equivalents, January 1, see supplementary informatic	5 881	4 453
Cash and cash equivalents, December 31, see supplementary inform	7 166	5 881

Supplementary information

		2015	2014
1.	Interest paid and dividends received		
	Interest received	666	626
	Interest paid	-277	-273
2.	Adjustments for items not included in cash flow		
	Depreciation/amortization and impairment losses, assets	-1	1
	Provisions for pensions	5	7
	Unrealized exchange-rate differences, financial liabilities	-18	152
	Unrealized change in value, derivatives, liabilities	-228	257
	Unrealized change in value, derivatives, assets	44	0
	Translation differences	-14	26
		-213	444
3.	Cash and cash equivalents, December 31		
	Cash	7 166	5 881
		7 166	5 881

Parent Company income statement (SEK M)	**Note**	**2015**	**2014**
Operating revenue			
Interest income	24	672	619
Interest expense	25	-288	-296
Net interest items		**384**	**323**
Financial instruments measured at fair value		-16	-42
Net profit from other financial transactions	26	-20	-45
Gross income		**349**	**236**
Administrative expenses	27	-88	-86
Other operating revenue	28	46	44
Income from holdings in Group companies	29	0	0
Pre-tax profit		**307**	**193**
Tax on profit for the year	30	-68	-43
Profit for the year*		**239**	**150**

*Profit for the year is equal to comprehensive income for the year

Parent Company balance sheet (SEK M)

ASSETS	Note	2015	2014
Non-current assets			
Property, plant and equipment			
Equipment	31	0	0
		0	0
Intangible assets	32	4	5
		4	5
Financial non-current assets			
Holdings in Group companies	33	450	363
Receivables from Group companies	34	6 066	62
Other long-term investments	35	116	213
		6 632	639
Total non-current assets		**6 636**	**644**
Current assets			
Financial current assets		131	221
Receivables from Group companies		19 112	24 368
Tax assets		4	5
Prepaid expenses and accrued income	36	16	118
Other receivables		1	1
		19 264	24 713
Short-term investments			
Cash		7 162	5 872
		7 162	5 872
Total current assets		**26 427**	**30 585**
TOTAL ASSETS		**33 063**	**31 230**
of which interest-bearing financial non-current assets		6 182	276
of which interest-bearing current assets		26 395	30 515
		32 578	30 790

EQUITY AND LIABILITIES (SEK M)	Note	2015	2014
Share capital		50	50
Statutory reserve		10	10
Retained earnings		-98	-100
Profit for the year*		239	150
		200	110
Liabilities			
Non-current liabilities			
Liabilities of Group companies	37	46	62
Financial non-current liabilities	37	2 955	6 311
Provisions for pensions	38	14	12
Other provisions	38	2	2
		3 018	6 387
Current liabilities			
Financial current liabilities		2 589	326
Liabilities to Group companies		27 232	23 963
Accrued expenses and prepaid income	39	14	423
Other liabilities		11	20
		29 845	24 733
Total liabilities		**32 863**	**31 119**
TOTAL EQUITY AND LIABILITIES		**33 063**	**31 230**
of which interest-bearing financial liabilities		32 764	30 621
of which interest-bearing pensions and provisions		14	12
		32 778	30 632
Assets pledged			
Contingent liabilities		None	None
Guarantee commitments FPG/PRI		1	1

*Profit for the year is equal to comprehensive income for the year

Parent Company statement of changes in equity (SEK M)

	Share capital	Restricted reserves	Unrestricted equity	Total equity
Equity, January 1, 2014	**50**	**10**	**44**	**104**
Profit for the year			150	150
Group contributions			-185	-185
Group contributions, tax			41	41
Equity, December 31, 2014	**50**	**10**	**50**	**110**
Equity, January 1, 2015				
Profit for the year			239	239
Group contributions			-191	-191
Group contributions, tax			42	42
Equity, December 31, 2015	**50**	**10**	**140**	**200**

Cash flow statement (SEK M)	2015	2014
Operating activities		
Income after financial items	307	193
Adjustments for items not included in cash flow, see supplementary ir	2	199
Tax paid	-1	-2
Cash flow from operating activities before change in working capital	308	390
Cash flow from change in working capital		
Change in interest-bearing receivables, Group companies	-748	-3 241
Change in other interest-bearing receivables	187	116
Change in other non-interest-bearing receivables	103	-43
Change in interest-bearing liabilities, Group companies	3 252	4 347
Change in other non-interest-bearing liabilities	-418	335
Cash flow from operating activities	2 684	1 903
Investing activities		
Shareholder contributions paid	-112	-270
Acquisition of property, plant and equipment	0	0
Sale of other property, plant and equipment	0	0
Contributions to pension fund and ITP 1 redemption	0	-46
Cash flow from investing activities	-112	-316
Financing activities		
Group contributions/shareholder contributions	-191	-185
Dividend to Parent Company	0	0
Borrowings	1 088	849
Repayment of debt	-2 179	-822
Cash flow from financing activities	-1 282	-158
Cash flow for the year	1 290	1 428
Cash and cash equivalents, January 1, see supplementary informatic	5 872	4 444
Cash and cash equivalents, December 31, see supplementary inforn	7 162	5 872

Supplementary information

		2015	2014
1.	Interest paid and dividends received		
	Income from holdings in Group companies	0	0
	Interest received	691	622
	Interest paid	-133	-266
2.	Adjustments for items not included in cash flow		
	Depreciation/amortization and impairment losses, assets	1	2
	Provisions for pensions	3	2
	Other provisions	0	1
	Unrealized exchange-rate differences, net	-18	152
	Unrealized change in value, derivatives	16	41
		2	198
3.	Cash and cash equivalents, December 31		
	Cash	7 162	5 872
		7 162	5 872

Note 1 Essential accounting principles

General accounting principles

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU.
In addition, the Swedish Financial Reporting Board's Recommendation RFR 1 Supplementary Rules for Consolidated Financial Statements has been applied.

The Parent Company applies the same accounting principles as the Group, except in those cases stated below in the section "Parent Company accounting principles."

Conditions when preparing the Group's financial reports

The functional currency of the Parent Company is Swedish crowns or kronor (SEK), which is also the reporting currency of the Parent Company and of the Group. The financial reports are therefore presented in Swedish kronor. All amounts are rounded off to the nearest thousand unless otherwise indicated.
Preparing the financial reports in compliance with IFRS requires management to make judgments and estimates, and to make assumptions that affect the application of accounting principles and the recognized amounts of assets, liabilities, revenue and expenses. Actual outcomes may deviate from these estimates and judgments.
Estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period the change is made if the change only affects this period, or in the period the change is made and future periods if the change affects both the period in question and future periods, see also Note 2.

Measurement principles applied in the compilation of the financial reports

Assets and liabilities are recognized at historical cost, with the exception of certain financial assets and liabilities. Financial assets and liabilities measured at fair value consist of derivative instruments and financial assets classified as financial assets measured at fair value through profit or loss. A defined-benefit pension liability/asset is recognized at the net of fair value of the plan assets and the present value of the defined-benefit liability, adjusted for any restrictions on assets.

Essential accounting principles applied

The accounting principles below, with the exceptions described in more detail, have been applied consistently to all periods presented in the Group's financial statements. The Group's accounting principles have also been consistently applied by the Group companies.

Classification

Non-current assets and non-current liabilities essentially consist of amounts that are expected to be recovered or paid more than twelve months after the closing day. Current assets and current liabilities essentially consist of amounts expected to be recovered or paid within twelve months of the closing day.

Operating segment reporting

An operating segment is a component of the Group that carries out business operations which can generate income and incur expenses and about which separate financial information is available.
An operating segment's results are monitored by the company's chief operating decision-maker in order to be able to allocate resources to the operating segment.
No acquisitions have taken place, and consequently no consolidation method is reported.

Transactions eliminated upon consolidation

Intra-Group receivables and liabilities, income or expenses and unrealized gains or losses arising from intra-Group transactions between Group companies are eliminated in their entirety when the consolidated accounts are prepared.

Foreign currency transactions

Foreign currency transactions are translated into an entity's functional currency at the exchange rate prevailing on the transaction date. Functional currency is the currency of the primary economic environment where the companies conduct their business. Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate prevailing on the closing day. Exchange-rate differences that arise from translation are recognized in profit for the year.

Financial statements of foreign operations

Assets and liabilities in foreign operations are translated from the functional currency of the foreign operations to the Group's reporting currency (Swedish kronor, SEK) at the exchange rate prevailing on the closing day. The revenue and expenses of foreign operations are translated to Swedish kronor at an average exchange rate that is an approximation of the exchange rates prevailing on the date of each transaction. Translation differences that arise in connection with translation of foreign operations are recognized under "Other comprehensive income" and accumulated in a separate equity component known as the translation reserve.

Operating leases

Expenses for operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

Financial income and expense

Financial income consists of interest income on invested funds, gains from changes in the value of financial assets measured at fair value through profit or loss and gains on hedging instruments that are recognized in profit for the year.
Financial expense consists of interest expense on borrowings, the effect of dissolution of present value computation of provisions, loss on changes in the value of financial assets measured at fair value through profit or loss, impairment of financial assets and losses on hedging instruments that are recognized in profit for the year.
Interest income from financial instruments is recognized according to the effective interest method (see below). Dividend income is recognized when the right to receive a dividend has been established.
Income from the sale of a financial instrument is recognized when the risks and rewards associated with ownership of the instrument have been transferred to the buyer and the Group no longer controls the instrument.
Financial expense consists of interest expense on borrowings, the effect of a change in present value calculation of provisions, loss on changes in the value of financial assets measured at fair value through profit or loss, impairment of financial assets and losses on hedging instruments that are recognized in profit for the year. Loan expenses are recognized in profit for the year, applying the effective-interest method.

Exchange gains and losses are recognized net.

Taxes

Income taxes consist of current tax and deferred tax. Income taxes are recognized in profit/loss for the year except when the underlying transaction is recognized directly under "Other comprehensive income" or in equity, in which case the accompanying tax effect is recognized in other comprehensive income or in equity.
Current tax is tax to be paid or received in the current year, applying the tax rates that have been enacted or substantively enacted as of the closing day.
Deferred tax is calculated according to the balance sheet method based on temporary differences arising between the carrying amounts and the tax base of assets and liabilities.
The amounts are calculated based on how the underlying assets or liabilities are expected to be realized or settled. Deferred tax is calculated by applying the tax rates and tax rules that have been enacted or substantively enacted as of the closing day.
Deferred tax assets relating to deductible temporary differences and loss carryforwards are recognized only where it is likely they will be able to be utilized. The value of deferred tax assets is reduced when it is no longer considered likely that they can be utilized.

Financial instruments

Financial instruments recognized in the statement of financial position include, on the assets side, cash and cash equivalents, loans, trade accounts receivable, financial investments and derivatives. On the liabilities side are trade accounts payable, borrowings and derivatives.

A financial asset or financial liability is recognized in the statement of financial position when the company becomes a party to the contractual provisions of the instrument. A liability is recognized when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been received. Trade accounts receivable are recognized in the statement of financial position when an invoice has been sent. A liability is recognized when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been received. Trade accounts payable are recognized when an invoice has been received.

A financial asset is derecognized from the statement of financial position when the contractual rights are realized or expire, or the Group loses control of them. The same applies to a portion of a financial asset. A financial liability is derecognized from the statement of financial position when the contractual obligation is fulfilled or otherwise extinguished. The same applies to a portion of a financial liability.

A financial asset and a financial liability are offset and recognized net in the statement of financial position only where there is a legal right to offset the amounts and it is intended that the items will be settled by a net amount or that the asset will be realized and the liability settled simultaneously.

Acquisitions and disposals of financial assets are recognized on the settlement date. The settlement date is the day on which an asset is delivered to or from the company.

Financial instruments other than derivatives are recognized initially at cost, corresponding to the instrument's fair value plus transaction costs for all financial instruments except those in the category of financial assets measured at fair value through profit or loss, which are recognized at fair value excluding transaction costs. A financial instrument is classified on initial recognition partly based on the purpose for which the instrument was acquired.

Derivatives are recognized initially at fair value, with the result that transaction costs are charged to profit for the period. After initial recognition, derivatives are recognized as follows: Where derivatives are used in hedge accounting and to the extent this is effective, changes in the value of derivatives are recognized in other comprehensive income.

Where hedge accounting is not applied, increases and decreases in the value of derivatives are recognized as financial income and financial expense respectively.

Cash and cash equivalents comprise cash and immediately available deposits at banks and equivalent institutions, plus short-term liquid investments with a maturity from the acquisition date of less than three months and which are subject to only an insignificant risk of fluctuation in value.

Financial assets at fair value through profit or loss are measured regularly at fair value, with changes in value recognized in profit for the year.

Financial assets measured at fair value through profit or loss consist of two subcategories: financial assets held for trading and other financial assets that the company initially chose to designate to this category (according to the fair value option). Financial instruments in this category are measured on an ongoing basis at fair value with changes in value recognized in profit or loss for the year. The first subcategory includes derivatives with a positive fair value with the exception of derivatives that are identified and effective hedging instruments.

Skanska uses hedge accounting for cash flow hedging and hedging of net investments in foreign operations. The effectiveness of hedging is assessed regularly, and hedge accounting is applied only to hedging that is deemed effective. If hedging is not deemed effective, the amount is adjusted for the hedging instrument.

Loan receivables and trade accounts receivable are financial assets that are not derivatives and that have payment schedules that are established or can be established, and that are not quoted on an active market. These assets are measured at amortized cost. Amortized cost is determined based on the effective rate of interest calculated at the time of acquisition. Trade accounts receivable are recognized at the amounts expected to be received, i.e. less doubtful receivables. Held-to-maturity investments are financial assets with payments that are fixed or can be established and with a fixed term which the company has the express intention and capacity to hold until maturity. Assets in this category are measured at amortized cost.

SFS's derivatives are acquired for the purpose of hedging the interest rate and foreign-exchange rate risks to which the Skanska Group and SFS are exposed. To meet the requirements of hedge accounting under IAS 39 there must be a clear link to the hedged item. In addition, the hedge must effectively protect the hedged item, hedge documentation must have been prepared and the effectiveness must be measurable. Gains and losses on hedges are recognized in profit for the year at the same time as gains and losses are recognized for the items that are hedged.

Currency forward contracts are used to hedge receivables or liabilities against foreign-exchange rate risk. Hedge accounting is not applied to protect against foreign-exchange rate risk since financial hedging is reflected in the accounts by the fact that both the underlying receivable or liability and the hedging instrument are recognized at the exchange rate on the closing dayand the translation differences are recognized in profit or loss for the year.

Exchange rate changes relating to financial receivables and liabilities are recognized in financial income/expense.

Interest rate swaps are used to hedge the uncertainty in highly likely forecast interest flows relating to borrowing at variable rates of interest, where the company receives variable interest and pays fixed interest. The interest rate swaps are measured at fair value in the statement of financial position. The interest coupon portion is recognized in profit for the year as it arises, as part of interest expense. Unrealized changes in the fair value of the interest rate swaps are recognized in other comprehensive income and form part of the hedge reserve until the hedged item is recognized in profit or loss for the year and for as long as the criteria for hedge accounting and effectiveness are fulfilled. The gain or loss on the ineffective portion of unrealized changes in the value of interest rate swaps is recognized in profit or loss for the year.

Where hedge accounting is not applied, increases and decreases in the value of derivatives are recognized as financial income and financial expense respectively.

Property, plant and equipment

Property, plant and equipment are recognized within SFS at cost less accumulated depreciation and any impairment losses. Depreciation is applied on a straight-line basis over the estimated useful life of the asset.Equipment is depreciated over a period of 5 years.

Intangible assets

Intangible assets are recognized at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized over a period of five years.

Employee benefits

Short-term employee benefits are calculated without being discounted and are recognized as an expense when the related service is rendered.

Pension plans in which the company's obligations are limited to the contributions the company has undertaken to pay are classified as defined-contribution pension plans. In such cases the size of the employee's pension is based on thecontributions paid by the company into the plan or to an insurance company, and the return on capital resulting from the contributions. The Group's net obligation relating to defined-benefit plans is calculated separately for each plan byestimating the future compensation that the employees have earned from their service in both the current and previous periods; the amount is discounted to a present value.

The discount rate is the rate on the closing day on high quality corporate bonds, including mortgage bonds, with maturities matching the Group's pension obligations. Where there is no functioning market for such corporate bonds, the market interest rate for government bonds with an equivalent maturity is used instead. The calculation is performed by a qualified actuary.

In addition to salary, bonuses may also be paid as short-term benefits to employees. Bonuses are paid out the year after they are earned and are recognized as an accrued expense in the balance sheet.

Provisions

A provision differs from other liabilities in that there is uncertainty concerning the time of payment or the sum required for settlement. A provision is recognized in the statement of financial position when there is an existing legal or constructive obligation as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are made in the amount that represents the best estimate of funds needed to settle the existing obligation on the closing day. In cases where the effect of when a payment is made is significant, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, where applicable, the risks associated with the liability.

Reporting of Group contributions

Group contributions paid by subsidiaries to the Parent Company are recognized in equity.

Parent Company accounting and measurement principles

The Parent Company has prepared its annual accounts in compliance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's Recommendation RFR 2 Accounting for Legal Entities. According to RFR 2, the Parent Company is required to apply International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), issued by the International Accounting Standards Board (IASB), to the extent these have been approved by the EU.

In light of the relationship between accounting and taxation, the rules on financial instruments and hedge accounting in IAS 39 are not applied by the Parent Company as a legal entity. For the Parent Company, financial non-current assets are measured at cost less any impairment, and financial current assets are measured according to the lowest value principle. The cost of interest-bearing instruments is adjusted for the accrued difference between what was originally paid, after deducting transaction costs, and the amount that will be paid on maturity (surplus or deficit).

Important differences compared to the consolidated accounting principles

Defined-benefit pension plans are reported according to the rules in the Pension Obligations Vesting Act. The commitments are secured to a certain extent by assets in pension funds. Pension commitments are recognized as a net provision in the balance sheet.

Effects of changes to accounting principles

There have been no changes to the accounting principles applied by SFS.

Effects of new accounting principles

A number of new or amended IFRS will only go into effect in upcoming financial years but have not been adopted early in the preparation of these financial statements. The company does not plan to early adopt new or amended standards going into effect in the future.

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement, Through IFRS 9, IASB has established a full "package" of amendments relating to recognition of financial instruments. The package contains a new model for classification and measurement of financial instruments, a forward-looking "expected loss" impairment model and a simplified approach to hedge accounting. IFRS 9 enters into force on January 1, 2018 and early adoption is permitted assuming that the EU adopts the standard. The EU planned to approve the standard in the second half of 2015.

The categories of financial assets in IAS 39 will be replaced by three measurement categories: measurement at amortized cost, measurement at fair value through other comprehensive income or measurement at fair value through profit or loss. Classification into one of these three categories is to be based on the company's business model for the various holdings or the nature of the cash flows that the assets generate. The fair value option may be applied to debt instruments where this eliminates or substantially reduces a mismatch in the accounts. Equity instruments are to be measured based on fair value through profit or loss, with an option to instead report changes in the value of items not held for trading in other comprehensive income.

Rules on financial liabilities mostly accord with those in IAS 39, with the exception of financial liabilities that are voluntarily measured at fair value in accordance with the fair value option. For these liabilities the change in value is to be split into changes attributable to intrinsic creditworthiness and changes in the reference interest rate.

The new impairment model will require reporting of one year's expected loss at the time of initial recognition and, in the event of a significant increase in the credit risk, the impairment amount must correspond to the credit losses that are expected to arise during the remaining term. The new rules on hedge accounting involve a simplification of effectiveness testing and an expansion of allowed hedging instruments and hedged items.

Judgements and estimates in the financial statements

Preparing the financial statements in compliance with IFRS requires management to make judgements and estimates, and to make assumptions that affect the application of the accounting principles and the recognized amounts of assets, liabilities,revenue and expenses. Actual outcomes may deviate from these estimates and judgments.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period the change is made if the change only affects this period, or in the period the change is made and future periods if the change affects both the current period and future periods.

Judgments made by management when applying IFRS that have a substantial impact on the financial statements and estimates that may lead to significant adjustments in the financial statements in subsequent years are described in more detail in Note 2.

Note 2 Key estimates and judgments

The Senior Executive Team and the Board of Directors have discussed the development, choices and disclosures relating to the Group's essential accounting principles and estimates, as well as the application of these principles and estimates.

Major sources of uncertainty in estimates

The sources of uncertainty in estimates given below are those that involve a significant risk that the value of assets or liabilities may require significant adjustment during the forthcoming financial year.

Measurement of fair value

A number of the Group's accounting principles and supplementary disclosures require measurement at fair value for financial assets and liabilities.
SFS has established a framework for internal control with respect to fair value measurement. This includes a measurement team with overall responsibility for monitoring all significant fair value measurements, including measurement at level 3. The team reports directly to the President.

When the fair value of an asset or liability is to be established SFS uses observable data to the greatest extent possible. The fair values are categorized at different levels in a fair value hierarchy based on input data used in the measurement methods as follows:

Level 1: According to prices quoted on an active market for identical instruments
Level 2: Based on direct or indirect observable market data that is not included in level 1
Level 3: Based on input data that is not observable on the market

Actuarial provisions

The risk that insurance company provisions for claims will not correspond to actual payments is limited by continual follow-up of claim reserves and by actuarial calculations of provisions made.
The level of reserves required is generally established by an external claims assessor and is based on claims made. The company assesses whether this is reasonable, with the aim of setting aside reserves that are as close as possible to actual claim expenses.

Note 3 **Operating segments**

The Group's business streams – finance and insurance – are recognized as operating segments. The business streams coincide with the operational organization. SFS's customers are companies in the Skanska Group.

2015	Finance	Insurance	Elimination	Total segments
Net interest items	415	1		416
Other financial items	-73	-0,48		-73
Administrative expense	-90	-6	2	-94
Other operating revenu	46	-20	-2	23
Pre-tax profit	298	-26		272
Tax on profit for the ye	-66	5		-61
Profit for the year	232	-21	0	211

2014	Finance	Insurance	Elimination	Total segments
Net interest items	335	2		338
Other financial items	-90	0		-89
Administrative expense	-89	-6	3	-92
Other operating revenu	44	23	-3	64
Pre-tax profit	200	20		220
Tax on profit for the ye	-45	-6		-50
Profit for the year	156	14	0	170

Note 4 **Financial instruments and financial risk management**

Through its operations, aside from business risk, the SFS Group is exposed to various financial risks such as credit risk, liquidity risk and market risk.

Through the Skanska Group's Financial Policy, each year the Board of Directors of the Skanska Group adopts guidelines, objectives and limits for financial management and administration of financial risks within the Group. The Financial Policy stipulates the division of responsibility between Skanska's Board and Senior Executive Team, SFS and the Business Units.

SFS has operational responsibility for securing financing for the Skanska Group and for managing cash liquidity, financial assets and liabilities. Guidelines and risk mandates are defined in risk instructions established for SFS.

The objectives and policy for each type of risk are described in the respective sections below.

Credit risk

Credit risk describes the risk from financial assets and arises if a counterparty does not fulfill its contractual payment obligation to SFS.

Financial credit risk – risk in interest-bearing assets

Financial credit risk is the risk SFS is exposed to in relation to financial counterparties in investing surplus funds, bank account balances and investments in financial assets.
Credit risk also arises in the use of derivative instruments and consists of the risk that a potential gain will not be realized if a counterparty fails to fulfill its part of the contract.
In order to reduce the credit risk in derivatives, SFS has signed standardized ISDA netting agreements with all financial counterparties with which it enters into derivative contracts.

SFS endeavors to limit the number of financial counterparties and all counterparties must have been assigned a satisfactory rating by credit rating institutes Standard & Poors, Moody's or Fitch. The permitted exposure volume per counterparty is dependent on the counterparty's credit rating and the maturity of the exposure.

Most of SFS's interest-bearing assets consist of receivables from Group companies.

Maximum exposure is equivalent to the fair value of the assets and amounts to SEK 32,674 M. SEK 25,178 M of this constitutes receivables from Skanska companies. Other external interest-bearing assets amounted to SEK 7,496 M.

Liquidity and refinancing risk

Liquidity and financing risk is defined as the risk of the Skanska Group not being able to meet its payment obligations due to lack of liquidity or due to difficulties in obtaining or rolling over external loans.
SFS has operational responsibility for managing the Group's liquidity and employs a system of liquidity forecasting as a means of managing fluctuation in short-term liquidity. If possible, surplus liquidity is to be first used to pay down loans.

Financing

SFS has several borrowing programs in the form of both committed bank credit facilities and market funding programs. This provides good preparedness for temporary fluctuation in the Group's short-term liquidity requirements and ensures long-term financing.

In 2015 Skanska issued certificates for a total of SEK 4,050 M through the certificate program which will mature in two to four months. At the end of the year the amount outstanding was SEK 900 M. During the final quarter two bilateral loans were repaid in the amount of EUR 200 M.

	Maturity	Currency	Limit	Nominal	Utilized
Market funding programs					
Commercial paper (CP) program, maturities 0-1 years		SEK/EUR	SEK 6,000 M	6 000	900
Medium Term Note (MTN) program, maturities 1–10 ye		SEK/EUR	SEK 8,000 M	8 000	3 848
				14 000	4 748
Committed credit facilities					
Syndicated bank loan	2 019	SEK/EUR /USD	EUR M 555	5 090	0
Bilateral loan agreements	2 020	EUR	EUR 60 M	550	550
Other credit facilities				307	8
				5 947	558

Liquidity reserve and maturity structure

The Skanska Group's policy is for the central borrowing portfolio's maturity to be spread over time and for the portfolio to have a weighted average residual term of three years, including unutilized committed credit facilities, with a permitted deviation within a two to four year interval. At year-end 2015 the average maturity of SFS's borrowing portfolio (excluding loans from Skanska companies) was 2.6 years if unutilized credit facilities are included.

The maturity structure, including interest payments, of the SFS Group's financial interest-bearing liabilities and derivatives related to borrowing is distributed over the next few years according to the following table.

Maturity	Carrying amount	Future ment amount	Maturity Within 3 months	fter 3 months within 1 year	After 1 year within 5 years	After
Interest-bearing financial liabilities	31 790	31 961	27 361	1 546	3 054	0
Derivatives: Currency forward contracts						
Inflow	-120	-9 551	-8 957	-584	-10	
Outflow	72	9 583	8 993	580	10	
Derivatives: Interest rate swaps						
Inflow	0	-9	-1	2	-10	
Outflow	173	182	26	58	98	
Total	**31 915**	**32 166**	**27 422**	**1 602**	**3 142**	**0**

Market risk

Market risk is the risk that the fair value of financial instruments or future cash flows from financial instruments will fluctuate due to changes in market prices.
The main market risks for SFS are interest-rate risk and exchange-rate risk.

Interest-rate risk

Interest-rate risk

Interest-rate risk is the risk that changes in interest rates will adversely affect the Group's financial items and cash flow (cash flow risk) or the fair value of financial assets and liabilities (fair value interest-rate risk).
For the Skanska Group, exposure to fair value interest-rate risk arises primarily from interest-bearing borrowing. To limit the risk, fixed interest-rate maturities are to be staggered and have a weighted average remaining fixedinterest period of two years with a permitted +/- one-year deviation. The change in fair value is measured for interest-bearing assets and liabilities including derivatives in the case of an increase of one percentage point in the interest rate across all maturities, and in the case of a positive or negative shift in the interest rate of one half of a percentage point. The change in fair value may not exceed SEK 150 M for any of these interest-rate scenarios measured as the relative deviation against a comparative portfolio with a weighted average fixed interest period of two years which has been identified as risk-neutral maturity.

The fair value of interest-bearing financial assets and liabilities, plus derivatives, would, in the interest-rate scenarios above, be changed within the range of SEK 68–107 M, assuming that the volume and fixed-interest period is the same as of December 31, 2015. Around SEK 21–45 M of this would affect financial items and around SEK 47–62 M would affect equity, through other comprehensive income, if hedge accounting were to be applied. The relative interest-rate risk is SEK 10–14 M lower than in a comparative portfolio with a risk of around SEK 77–121 M and is attributable to the fact that the fixed-interest period is slightly shorter than the comparative portfolio's two years.

An average one percentage-point increase in the market interest rate from the level at year-end would have an estimated positive effect on SFS's financial items of around SEK 13 M for 2015.

The average fixed interest period for external interest-bearing assets was 0.1 (0.1) years, taking derivatives into account. The interest rate for these was 0.18 (0.29) percent at year-end. Of SFS's external interest-bearing financial assets, 35 (20) percent carry fixed interest rates and 65 (80) variable interest rates.

The average fixed interest period for external interest-bearing liabilities, taking into account derivatives, but excluding pension liabilities, was 2.0 (2.5) years. The interest rate for interest-bearing liabilities was 1.88 (2.27) percent at year-end. Taking into account derivatives, the interest rate was 2.34 (2.18) percent. Of total interest-bearing financial liabilities, after taking into account derivatives, 73 (80) percent carry fixed interest rates and 27 (20) percent variable interest rates.
On December 31, 2015 there were outstanding interest-rate swap contracts amounting to a nominal value of SEK 5,076 M (4,965), of which SEK 0 M (143) has an amortizing structure. All contracts were entered into in order to swap th Group's borrowing from variable to fixed interest. SFS applies hedge accounting for the majority of these interest-rate swaps. The hedges meet effectiveness requirements, which means that unrealized gains or losses are recognized under "Other comprehensive income." The fair value of these hedges totaled SEK –128 M (–155) as of December 31, 2015. The fair value of interest-rate swaps for which hedge accounting is not applied totaled SEK –45 M (–47) as of December 31, 2015. For these interest-rate swaps, changes in fair value are recognized through profit or loss.

Foreign-exchange rate risk

Foreign-exchange rate risk is defined as the risk of a negative impact on SFS's income statement and statement of financial position due to exchange rate fluctuations. This risk can be divided into transaction exposure, i.e. net operating and financial (interest/principal payment) flows, and translation exposure related to net investments in foreign Group companies.

Transaction exposure

The foreign-exchange rate risk for the SFS Group is permitted to amount to a total of SEK 5 M, with risk calculated as the effect on earnings of a five percentage-point shift in exchange rates. As of December 31, 2015 foreign-exchange rate risk accounted for SEK 0.6 of transaction exposure.

Translation exposure

As of December 31, 2015 SFS had net investment in SCEM Reinsurance in Luxembourg amounting to EUR 45.6 M. The investment was hedged as of December 31, 2015. Hedge reporting is used for currency hedged against equity in compliance with IAS 39.

Financial instruments in the statement of financial position

The following table presents the carrying amount of financial instruments by category.

Assets	At fair value throug profit or loss	Hedge-accounted derivatives	Held-to-maturity investments	Loans and trade receivables	Total carrying amount
2015					
Financial instruments					
Interest-bearing assets and derivatives					
Financial assets					
Financial investments measured at fair value	108	12			120
Financial investments measured at amortized cost			27		0 27
Financial interest-bearing receivables				25 472	25 472
	108	12	27	25 472	25 618
Current investments measured at fair value					0
Cash				7 166	7 166
	108	12	27	32 638	32 784
Trade accounts receivable				10	10
Total financial instruments	108	12	27	32 647	32 794

2014					
Financial instruments					
Interest-bearing assets and derivatives					
Financial assets					
Financial investments measured at fair value	59	105			164
Financial investments measured at amortized cost			6		0 6
Financial interest-bearing receivables				24 908	24 908
	59	105	6	24 908	25 078
Current investments measured at fair value					0
Cash				5 881	5 881
	59	105	6	30 789	30 959
Trade accounts receivable				8	8
Total financial instruments	59	105	6	30 797	30 967

The difference between the fair value and carrying amount of financial assets is marginal.

Reconciliation with statement of financial position	**2015**	**2014**
Assets		
Financial instruments	32 794	30 967
Other assets		
Property, plant and equipment and intangible assets	4	6
Tax assets	34	54
Other receivables	2	4
Prepaid expenses and accrued income	16	117
Total assets	32 850	31 148

Liabilities	At fair value through profit or loss	Hedge-accounted derivatives	At amortized cost	Total carrying amount
2015				
Financial instruments				
Interest-bearing liabilities and derivatives				
Financial liabilities				
Financial liabilities measured at fair value	139	106		245
Financial liabilities measured at amortized cost			31 790	31 790
	139	106	31 790	32 035
Operating liabilities				
Trade accounts payable			7	7
Total financial instruments	**139**	**106**	**31 797**	**32 042**

2014				
Financial instruments				
Interest-bearing liabilities and derivatives				
Financial liabilities				
Financial liabilities measured at fair value	204	322		526
Financial liabilities measured at amortized cost			29 685	29 685
	204	322	29 685	30 211
Operating liabilities				0
Trade accounts payable			4	4
				0
Total financial instruments	**204**	**322**	**29 690**	**30 216**

The fair value is SEK 65 M (193) higher than the carrying amount for financial liabilities.

Reconciliation with statement of financial position	**2015**	**2014**
Liabilities		
Financial instruments	32 042	30 216
Other liabilities		
Equity	466	362
Pensions	57	67
Tax liabilities	164	156
Provisions	85	92
Other liabilities	4	7
Prepaid expenses and accrued income	33	247
Total liabilities	32 850	31 148

Disclosures on offsetting of financial instruments

	2015		**2014**	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Gross amounts	32 794	32 042	30 967	30 216
Amounts offset	0	0	0	0
Recognized in balance sheet	32 794	32 042	30 967	30 216
Amounts covered by netting arrangements	-48	-48	-130	-130
Net amount after netting arrangements	32 746	31 994	30 837	30 086

Financial assets and liabilities measured at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss belong to the category that has been identified as such on the first recognition date or consist of derivatives.

Derivatives belong to the category "Financial assets and liabilities at fair value through profit or loss."
SFS reports hedge-accounted derivatives separately.
The amounts relate to currency forward contracts for hedging the Skanska Group’s net investments outside Sweden, as well as interest-rate swaps for loan hedges with variable interest rates.

Fair value
There are three different levels for establishing fair value.
The first level uses the official price quotation in an active market.
The second level, which is used when a price quotation in an active market does not exist, measures fair value by discounting future cash flows based on observable market interest rates for each respective maturity and currency.
The third level uses substantial elements of input data that are not observable in the market.

Fair values for the categories “At fair value through profit or loss” and “Hedge-accounted derivatives” have been established according to the second level above. In calculating fair value in the borrowing portfolio, the Group takes into account current market interest rates which include the credit risk premium that SFS is expected to pay for its borrowing.
All financial assets and liabilities are measured according to level two.

Impact of financial instruments on the consolidated income statement, other comprehensive income and equity

Revenue and expenses from financial instruments recognized in the income statement

	2015	2014
Interest income on financial assets at fair value through profit or loss	20	22
Interest income on held-to-maturity investments		
Interest income on loan receivables	650	588
Interest income on cash	3	9
Change in market value of financial assets/liabilities at fair value through profit or loss		
Financial items from hedging of net investments in foreign subsidiaries		
Total income in financial items	672	619
Interest expense on financial liabilities measured at fair value through profit or loss	-162	-53
Interest expense on financial liabilities measured at amortized cost	-94	-228
Change in market value of financial assets/liabilities measured at fair value through profit or loss	-18	-46
Financial items from hedging of net investments in foreign subsidiarie	-30	-12
Financial expense, pensions	-1	-3
Net exchange-rate differences	4	-5
Expense for borrowing programs	-27	-22
Bank-related expenses	-1	-1
Total expenses in gross results	-330	-370
Net income and expense from financial instruments recognized in the income statement	343	248

Income and expense from financial instruments recognized under other comprehensive income

Cash-flow hedges recognized directly in equity	42	-95
Translation differences for the year	-14	26
Total	28	-68

Note 5	**Interest income**	**2015**	**2014**
	Interest income, external	31	44
	Interest income from Group companies	641	575
		672	619

Note 6 **Interest expense**

	2015	2014
Interest expense, external	-192	-201
Interest expense, Group companies	-64	-80
	-257	-281

Note 7 **Net profit from other financial transactions**

	2015	2014
Financial expense, pensions	-1	-3
Exchange gains/losses	4	-5
Other financial expense	-28	-23
	-26	-31

Note 8 **Employees and personnel expenses**

Only the Parent Company has employees. No fees are paid to the members of the companies' boards of directors.

	2015	2014
The average number of employees was	40	41
The number of women was	23	24
Men and women on the Parent Company's Board of Directors and executive team on closing day		
Board of Directors	7	7
The number of women was	2	1
Other senior executives	4	5
The number of women was	2	2
Paid as salaries and other remuneration (SEK thousand)	40	40
of which to senior executives	11	8
Social insurance contributions	13	13
	53	53
Bonuses included above		
of which to senior executives	3	3
Pension expenses amounted to	10	8
of which to senior executives	3	3
Benefits for Board of Directors and President		
Magnus Paulsson, President until March 31, 2015, Therese Tegner from April 1, 2015		
Wages, salaries and other remuneration	3	3
Bonuses	1	1
Pensions	1	1
	5	5
Men and women on Board of Directors in the Group in total on closing day		
Board of Directors	17	17
The number of women was	7	6

Skanska Employee Ownership Program (Seop)

The purpose of the Skanska Employee Ownership Program (Seop) is to strengthen the Group's ability to retain and recruit qualified personnel and to align employees more closely to the company and its shareholders.

The program provides employees with an opportunity to invest in Skanska shares while receiving incentives in the form of possible allotment of additional shares. This allotment is predominantly performance-based.

The allotment of shares earned by the employees does not take place until after the end of a three-year vesting period. To be able to earn matching shares and performance shares, the employee must be employed during the entire vesting period and have retained the shares purchased under the program.

The initial program, Seop 1, which ran during the period 2008–2010, was concluded in 2013, when matching shares and performance shares were allocated. The investment period for Seop 2 was 2011–2013, and allocation began in 2014. Seop 3 was launched in 2014 with an investment period 2014–2016.

Seop 2 and Seop 3 are essentially the same as Seop 1.

The costs of Seop 2 and Seop 3 are apportioned and measured in accordance with IFRS 2, "Share-based Payment."

The amount has been recognized as an operating expense and non-interest-bearing liability to Skanska AB.

Social insurance contributions for Seop 2 and Seop 3 have been calculated in accordance with UFR 7 from the Swedish Financial Reporting Board, IFRS 2 and social insurance contributionsfor listed companies. This means that social insurance contributions for the cost for the year of Seop 2 are recognized as an operating expense and other provision this year.

Note 9	**Fees and cost compensation for auditors**	**2015**	**2014**
	KPMG		
	Audit assignments	1	1
	Tax advisory services	0	0
	Total	1	1

Note 10	**Other operating revenue**	**2015**	**2014**
	Fees for financial advice	44	41
	Actuarial gains/losses	-20	23
		23	64

Note 11 **Taxes**

Recognized in income statement and in other comprehensive income

Tax expense	**2015**	**2014**
Current taxes	-63	-48
Tax on previous years' profits	0	0
Deferred tax on temporary differences	2	-2
	-61	-50

Taxes recognized in other comprehensive income	**2015**	**2014**
Deferred taxes attributable to pensions	-4	4
Deferred taxes attributable to derivatives for hedging	-12	27
	-16	30

The Group's recognized tax rate amounted to 22.5 (22.8) percent. The Group's aggregated nominal tax rate was estimated at 22.4 (22.6) percent.

Reconciliation of effective tax	**2015**	**2014**
Pre-tax profit	272	220
Tax according to aggregation of nominal tax rates	-61	-50
Tax attributable to previous years	0	0
Non-deductible costs	-1	-1
Non-taxable revenues	0	0
Recognized tax expense	-61	-50

Recognized in the statement of financial position

Tax assets and tax liabilities

	2015	2014
Tax assets	4	11
Tax liabilities	0	-6
	4	5

Deferred tax assets and deferred tax liabilities

	2015	2014
Deferred tax assets	30	44
Deferred tax liabilities	-164	-150
	-134	-107

	2015	2014
Deferred tax assets for provisions for pensions	12	15
Deferred tax assets for other assets	18	28
Deferred tax assets according to the statement of financia	30	44

	2015	2014
Deferred tax liabilities related to other liabilities	-3	0
Deferred tax liabilities related to untaxed reserves	167	150
	164	150

Change in net deferred tax assets/liabilities	2015	2014
Net assets, January 1	-107	-126
Adjustment for previous year's deferred tax liabilities		
From the income statement for pensions	1	1
Recognized in other comprehensive income	-16	30
From the income statement in respect of fair value measurement of financial instruments	1	-3
Recognized in the income statement for untaxed reserves	-19	0
Exchange-rate differences	5	-9
	-134	-107

Note 12 **Equipment**

Equipment	2015	2014
Cost, January 1	0	0
Purchases during the year	0	0
Retirements during the year	0	0
Cost, December 31	1	0
Accumulated depreciation according to plan, January 1	0	0
Retirements during the year	0	0
Depreciation according to plan for the year	0	0
Accumulated depreciation according to plan, December 3	0	0
Book value	0	0

Note 13	**Intangible non-current assets**	**2015**	**2014**
	Cost, January 1	7	7
	Purchases during the year	0	0
	Cost, December 31	7	7
	Accumulated amortization according to plan, January 1	-2	0
	Amortization according to plan for the year	-1	-2
	Accumulated amortization according to plan, December 3	-3	-2
	Book value	4	5

Note 14	**Non-current receivables from Group companies**	**2015**	**2014**
	Accumulated cost		
	January 1	62	2 479
	Receivables added/settled	0	-1 981
	Reclassified as current receivable	0	-435
	Book value at year-end	62	62

Note 15	**Other long-term investments**	**2015**	**2014**
	Accumulated cost		
	January 1	213	370
	Receivables added/settled	-97	-156
	Book value at year-end	116	213

Long-term investments refers to seven-year bridge financing for the New Karolinska Solna hospital.

Maturity	> 5 years	ırs; >1 year	< 1 year	Total
	-	116	131	247

Note 16	**Prepaid expenses and accrued income**	**2015**	**2014**
	Accrued interest income	0	7
	Accrued exchange gains, forward contracts	0	91
	Prepaid administrative expenses	7	2
	Prepaid financial expense	10	16
		17	117

Note 17	**Maturity profile for lia**	> 5 years	< 5 years; :	ear; > 3 mo	< 3 months	Total
	Bonds		2 348	1 500		3 848
	Liabilities to credit institutions		550			550
	Other liabilities				1 088	1 088
	Liabilities to Group companies		46		26 258	26 304
		0	2 944	1 500	27 347	31 790

Note 18 Provisions for pensions

Pension provisions are recognized in accordance with IAS 19 Employee Benefits.
See Note 1, Accounting and valuation principles.

Interest-bearing pension liability, net	2015	2014
Net pension liability, January 1	67	94
Pension expenses	5	7
Benefits paid by employers	-1	0
Funds contributed by employer	0	-25
Remeasurements	-14	13
Curtailments and settlements	0	-21
Net pension liability according to the statement of financia	57	67

Pension obligations		
January 1	108	107
Pensions earned during the year	4	4
Interest on obligations	2	3
Benefits paid by employers	-1	0
Remeasurements	-15	16
Curtailments and settlements	0	-21
	98	108

Plan assets		
January 1	41	13
Estimated return on plan assets	1	0
Funds contributed by employer	0	25
Difference between actual return and estimated return	-1	3
Plan assets, fair value	41	41

Actuarial assumptions		
Financial assumptions		
Discount rate, January 1	2,3%	3,5%
Discount rate, December 31	3,0%	2,3%
Estimated return on plan assets for the year	3,0%	2,3%
Expected pay increase, December 31	3,0%	3,0%
Expected inflation, December 31	1,5%	1,3%

Demographic assumptions		
Life expectancy after age 65, women	23	23
Life expectancy after age 65, men	25	25
Life expectancy table	PRI	PRI

Note 19 Provisions

Provisions	2015	2014
Provision for unsettled claims	71	77
Provisions for social insurance contributions, pensions	1	14
Provision for social insurance contributions, Seop	2	2
Other provisions	11	0
	85	92

Note 20 **Accrued expenses and prepaid income**

	2015	2014
Accrued administrative expenses	34	35
Accrued interest expense	17	37
Accrued exchange losses, forward contracts	-19	174
Accrued financial expenses	0	1
	32	247

Note 21 **Assets pledged**

As security for obligations to insured individuals, the statutes dictate that a register is kept of assets associated with priority rights. The security relates to debt service coverage for the actuarial provisions.

	2015	2014
Treasury bills	27	6
Cash	53	52
	80	58
Contingent liabilities PRI	1	1
	1	1

Note 22 **Related party disclosures**

The SFS Group is related to all companies within the Skanska Group.
A total of 99.3 percent of the SFS Group's administrative income comes from other companies within Skanska, while 11.14 percent of administrative purchases are from other companies within Skanska.
The related party relationships in the Group reflect the related party relationships in the Parent Company.

	2015	2014
Receivables from Group companies	25 178	24 430
Liabilities to Group companies	26 304	23 090
Interest income, Group companies	641	575
Interest expense, Group companies	64	80
Income from Group companies	22	66
Purchases from Group companies	7	9

Note 23 **Explanations regarding transition to IFRS**

The consolidated financial statements were prepared in compliance with IFRS for the first time in 2014 with 2013 as the comparative year. The company had not previous prepared consolidated accounts, which is why there are no differences to report with respect to accounting principles that have impacted profits, financial position and cash flow.

Notes for the Parent Company

Note 24 **Interest income**

	2015	2014
Interest income, external	31	43
Interest income from Group companies	641	575
	672	619

Note 25 **Interest expense**

	2015	2014
Interest expense, external	-220	-213
Interest expense, Group companies	-68	-82
	-288	-296

Note 26 **Net profit from other financial transactions**

	2015	2014
Financial expense, pensions	0	-1
Exchange gains/losses	9	-21
Other financial expense	-28	-23
	-20	-45

Note 27 Employees and personnel expenses

	2015	2014
The average number of employees was	40	41
The number of women was	23	24
Men and women on Board of Directors and in executive team on closing day		
Board of Directors	7	7
Number of women	2	1
Other senior executives	4	5
Number of women	2	2
Paid as salaries and other remuneration (SEK thousand)	40	40
of which to senior executives	11	8
Social insurance contributions	13	13
	53	53
Bonuses included above		
of which to senior executives	3	3
Pension expenses amounted to	10	8
of which to senior executives	2	2

Benefits for Board of Directors and President
Magnus Paulsson, President until March 31, 2015, Therese Tegner from April 1, 2015

	2015	2014
Salaries and Remuneration	4	3
Bonuses	1	1
Pensions	1	1
	6	5
Men and women on Board of Directors on closing day		
Board of Directors	7	7
The number of women was	2	1

Note 28 Fees and cost compensation for auditors

	2015	2014
KPMG		
Audit assignments	1	0
Tax advisory services	0	0
Total	1	0

Note 29 Income from holdings in Group companies

	2015	2014
Group contributions from Skanska Försäkrings AB	0	0
	0	0

Note 30 Taxes

	2015	2014
Tax expense		
Current taxes	-68	-42
Tax on previous years' profits	0	0
	-68	-44

Reconciliation of effective tax	2015	2014
Pre-tax profit	307	193
Tax based on tax rate in effect for the Parent Company, 2	-67	-43
Non-deductible costs	-1	-1
Recognized tax expense	-68	-43

Note 31	Equipment	2015	2014
	Cost, January 1	0	0
	Purchases during the year	0	0
	Retirements during the year	0	0
	Cost, December 31	0	0
	Accumulated depreciation according to plan, January 1	0	0
	Retirements during the year	0	0
	Depreciation according to plan for the year	0	0
	Accumulated depreciation according to plan, December 3	0	0
	Book value	0	0

Note 32	Intangible non-current assets	2015	2014
	Cost, January 1	7	7
	Purchases during the year	0	0
	Cost, December 31	7	7
	Accumulated amortization according to plan, January 1	-2	0
	Amortization according to plan for the year	-1	-1
	Accumulated amortization according to plan, December 3	-3	-2
	Book value	4	5

Note 33 **Holdings in Group companies**

Subsidiaries	Corp. reg. nc	gistered off	lo. of share	% of capital	Book value
Skanska Försäkrings A	516401-866	Stockholm	50 000	100%	407
SCEM Reinsurance S.	---	Luxembourg	750	100%	43
					450

Accumulated cost	2015	2014
January 1	363	93
Liquidation, Renting AB and Renting Komplementär AB	-	-
Unconditional shareholder contribution to Försäkrings AB	-	270
Book value at year-end	363	363

Note 34	Non-current receivables from Group companies	2015	2014
	Accumulated cost		
	January 1	62	2 479
	Receivables added/settled	6 004	-1 981
	Reclassified as current receivables		-435
	Book value at year-end	6 066	62

Note 35	Other long-term investments	2015	2014
	Accumulated cost		
	January 1	213	370
	Receivables added/settled	-97	-156
	Book value at year-end	116	213

Long-term investments refers to seven-year bridge financing for the New Karolinska Solna hospital.

Maturity	> 5 years	ırs; >1 year	< 1 year	Total
	-	116	131	247

Note 36	**Prepaid expenses and accrued income**	**2015**	**2014**
	Accrued interest income	0	7
	Accrued exchange gains, forward contracts	0	91
	Prepaid administrative expenses	16	3
	Prepaid financial expense		16
		16	118

Note 37	**Maturity profile for lia**	> 5 years	< 5 years; :	<1 year; > :	< 3 months	Total
	Bonds		2 348	1 500		3 848
	Liabilities to credit institutions		550			550
	Other liabilities				1 088	1 088
	Liabilities to Group companies		46		27 232	27 278
		0	2 944	1 500	28 320	32 764

Note 38	**Provisions**	**2015**	**2014**
	Provisions for pensions	14	12
	Provisions for social insurance contributions	2	2
	Other provisions	0	0
		16	14

Note 39	**Accrued expenses and prepaid income**	**2015**	**2014**
	Accrued administrative expenses	26	20
	Accrued interest expense	-42	73
	Accrued exchange losses, forward contracts	30	330
		14	423

Assurance

The Board of Directors and President hereby provide an assurance that the Annual Report has been prepared in accordance with generally accepted accounting standards in Sweden and that the consolidated financial statements have been prepared in compliance with international accounting standards referred to in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards. The Annual Report and the consolidated financial statements provide a true and fair view of the financ position and results of the Parent Company and the Group. The Report of the Directors for the Parent Company and the Gro provides a true and fair view of the operations, financial position and results of the Parent Company and the Group, and describes material risks and uncertainties faced by the Parent Company and the companies in the Group.

Peter Wallin Chairman	Katarina Bylund
Louise Hallqvist	Kelly Gangotra
Marek Malinowski	Jonas Hansson
Thomas Henriksson	Jari Mäntylä

Therese Tegner
President

Our Auditor’s Report was submitted on

KPMG AB

Daniel Lundin
Authorized Public Accountant