A N N U A L R E P O RT
2014

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 2014.

Business activities

The Parent Company Skanska Financial Services AB (SFS) is a wholly owned subsidiary of Skanska AB (corporate identity number 556000-4615), which has its registered office in Stockholm municipality, Sweden. Skanska AB is a public limited company with shares listed on Nasdaq Stockholm, Large Cap.

Financing activities

SFS is responsible for the Skanska Group's central financing activities.
SFS's main tasks are:
- to coordinate the Group's relations with financial markets and institutions,
- to be responsible for managing the Group's borrowing and for making sure that the Group has sufficient liquidity;

The activities are conducted within strict regulatory frameworks established by the Group's Board of Directors. For projects, SFS secures solutions for or negotiates contract guarantees, insurance and financing. Further SFS manage risks attributable to the Group's operations, such as interest rate risks, foreign exchange risks credit risks, and counterparty risks, borrowing and liquidity.

Insurance activities

Insurance activities are conducted within Skanska Försäkrings AB (SF) (corporate identity number 516401-8664), registered in Stockholm municipality, Sweden. SF is a wholly owned subsidiary of SFS. SF concludes insurance exclusively for the risks and operations conducted within the Skanska Group to safeguard the interests arising from this activity. The risks covered mainly relate to contract, property and liability-related insurance for Skanska's subsidiaries. The insurance is concluded directly, in certain cases as co-assurance and as received reinsurance. Around 85 percent of the insurance concluded is reinsured with SFS's subsidiary Scem Reinsurance S.A.

Events during the year

During 2014, SFS issued a green corporate bond, the second of its type by a listed company in Sweden. The SEK 850 M bond has a five-year term. During the year the Group also renegotiated its syndicated bank loan, which aims to back up the Skanska Group's capital market borrowing. The term was extended by two years to 2019. The total amount was decreased from EUR 600 M to EUR 555 M.

The rate of employee turnover for the year was 9.85 percent. SFS's IT department, with two individuals, was organizationally transferred to Skanska AB, which is included in this turnover figure.

Earnings and financial position

Net interest items for the Group in 2014 amounted to SEK 338 M (348). Earnings before year-end allocations and tax amounted to SEK 220 M (280). The decrease is due to the measurement of financial instruments having shifted from positive to negative due to lower market interest rates. Other operating revenue increased because profit in the insurance companies increased due to reduced claims.

Information on financial risks

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

Through the Skanska Group's Financial Policy, each year the Skanska Group's Board of Directors states guidelines,objectives and limits for financial management and administration of financial risks in the Group. This policy document regulates the allocation of responsibility among Skanska's Board, the Skanska Senior Executive Team, SFS and the Business Units.
SFS has operational responsibility for ensuring Skanska Group financing and for managing liquidity, financial assets and financial liabilities. Guidelines and risk mandates are defined in the Financial Policy and a for SFS established risk instruktion.

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 that SFS runs in its relations with financial counterparties in the case of deposits of surplus funds, bank account balances and investments in financial assets.
Credit risk also arises when using derivative instruments and consists of the risk that a potential gain will not be realized in case the counterparty does not fulfill its part of the contract.
In order to reduce the credit risk in derivatives, SFS has signed standardized netting (ISDA) agreements with all financial counterparties with which it enters into derivative contracts.

Liquidity risk
Liquidity risk is defined as the risk that the Skanska Group cannot meet its payment obligations due to lack of liquidity or from difficulties in obtaining or rolling over external loans. SFS is responible for managing the liquidity in the Skanska Group and uses liquidity forecasting as a means of managing the fluctuations inshort-term liquidity. If possible, surplus liquidity is primarily to be used to repay the principal on loan liabilities.

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 in SFS are interest-rate risk and foreign-exchange rate risk.

Interest-rate risk
Interest-rate risk is the risk that changes in interest rates will adversely impact the Group's financial items and cash flow or the fair value of financial assets and liabilities.
For SFS, exposure to interest-rate risk arises primarily from interest-bearing borrowing. To limit the risk, interest-rate maturities are to be distributed over time and have a weighted average residual refixing period of two years, with a mandate to diverge in +/- 1 year.
Interest-rate risk is defined as a change in the fair value of interest-bearing assets and liabilities, including derivatives, in the event of a one percentage-point increase in interest rates across all maturities.The change in fair value may not exceed SEK 100 M, measured as relative deviation against a comparative portfolio with a weighted average refixing period of two years, which is identified as a risk-neutral maturity.

Foreign-exchange rate risk
Foreign-exchange rate risk is defined as the risk of negative impact on SFS's income statement and statement of financial position due to fluctuations in exchange rates. 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.

<u>Significant events after the closing day</u>
As from April the 1st SFS has a new president.

<u>Anticipated future development</u>
The basic business activities will continue in the same way.
A focus on management of financial risks will remain important during the coming year.

Non-financial result indicators
The employee ownership program Seop, among other things, was developed in order to attract and retain employees in the Group. 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. Over the years the survey has reported on a high and stable level.

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

Proposed allocation of parent company earnings
The Board of Directors proposes that the available profit of SEK 50,393,291 be allocated as follows

To be carried forward: SEK 50,393,291

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

CORPORATE GOVERNANCE REPORT

This corporate governance report for 2014 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 applicableSwedish and foreign laws.

Articles of Association
The Articles of Association are adopted by the Annual Shareholders' Meeting and must contain a number of mandatory disclosures of a fundamental nature for the company. Among other things, they state what operations the company is to conduct, the size and registered office of the Board of Directors, the size of the share capital, the number of shares and how notice of a Shareholders' Meeting is to be provided. The Articles of Association do not contain any provisions concerning discharge of Board members or amendment of the Articles of Association.

Internal control and risk management
In its Procedural Rules, the Board has specified the duties that mainly fall to the Board and the duties and decision-making powers that the Board has delegated to the President. The Board makes decisions on overall issues for the company and the President, in addition to being responsible for day-to-day management of SFS, is also responsible for ensuring that SFS and SFS's subsidiaries comply with the adopted guidelines and applicable rules and keeping the Board informed of any non-compliances.

Among the more important governing documents for the companies are the Financial Policy, which is adopted by the Board of Skanska AB for the whole Group, and risk instructions that are adopted yearly by the Board of SFS.

The Board has given Middle Office, an independent risk function within SFS, responsibility for risk management within SFS and Skanska's various Business Units. This task is regulated in SFS's risk instructions that are based on and in line 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 the observances of the risk instructions to Skanska AB's Senior Executive Team. To ensure that the limits are not exeeded Middel Office consults Head of Treasury if the limits exceed 90 percent.

In addition to the above governing documents, more detailed regulations relating to documentation and follow-up of financing reporting are laid down in SFS's Documentation of Financial Processes. Financial reporting complies with current regulations and also with Skanska AB's Accounting Manual, which describes in more detail Skanska's interpretation of accounting rules, as well as with quarterly instructions issued by Skanska AB.

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

- 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 seven members, with up to two deputy members. The members and deputy members are to be elected annually at the Annual Shareholders' Meeting for the period until the end of the next Annual Shareholders' Meeting.
- The Annual Shareholders' Meeting has not authorized The board to issue or bye own shares.

Consolidated income statement (SEK thousand)	Note	2014	2013
Operating revenue			
Interest income	5	618 837	693 408
Interest expenses	6	-281 131	-345 031
Net interest items		**337 706**	**348 377**
Financial instruments measured at fair value	4	-57 781	20 529
Net profit from other financial transactions	7	-31 456	-26 133
Gross income		**248 469**	**342 773**
Administrative expenses	8,9	-92 206	-89 354
Other operating revenue	10	63 972	26 390
Pre-tax profit		**220 234**	**279 809**
Tax on profit for the year	11	-50 223	-61 301
Profit for the year		**170 012**	**218 508**

Consolidated statement of comprehensive income (SEK thousand)	2014	2013
Profit for the year	**170 012**	**218 508**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of defined-benefit pension plans	-16 154	8 698
Tax related to items that will not be reclassified to profit or loss	3 554	-1 914
	-12 600	**6 784**
Items that have been or will be reclassified to profit or loss		
Translation differences	26 374	9 435
Effects of cash flow hedges	-121 568	22 741
Tax related to items that have been or will be reclassified to profit or loss	26 744	-5 003
	-68 450	**27 173**
Other comprehensive income after tax	**-81 050**	**33 957**
Total comprehensive income for the year	**88 962**	**252 465**

Consolidated statement of financial position as of December 31 (SEK thousand)

ASSETS	Note	2014-12-31	2013-12-31
Non-current assets			
Property, plant and equipment			
Equipment	12	153	214
		153	214
Intangible non-current assets	13	5 355	6 659
		5 355	6 659
Financial non-current assets			
Receivables from Group companies	14	62 140	2 478 620
Financial non-current assets		0	6 012
Other long-term investments	15	213 456	369 723
Deferred tax assets		43 709	15 928
		319 305	2 870 283
Total non-current assets		**324 814**	**2 877 156**
Current assets			
Receivables from Group companies		24 367 887	19 345 104
Other short-term investments		278 167	233 346
Financial current assets		164 122	114 627
Tax assets		10 737	5 659
Prepaid expenses and accrued income	16	117 425	16 113
Other receivables		3 616	6 206
		24 941 953	19 721 054
Short-term investments			
Cash		5 880 879	4 452 618
		5 880 879	4 452 618
Total current assets		**30 822 832**	**24 173 671**
TOTAL ASSETS		**31 147 645**	**27 050 827**
of which interest-bearing financial non-current assets		275 596	2 848 343
of which interest-bearing current assets		30 518 954	24 018 345
		30 794 551	26 866 688

EQUITY AND LIABILITIES		2014-12-31	2013-12-31
Share capital		50 000	50 000
Reserves		-107 471	-39 021
Retained earnings		419 944	406 833
Total equity		362 473	417 811
LIABILITIES			
Non-current liabilities			
Liabilities to Group companies	17	62 140	76 028
Financial non-current liabilities	17	6 513 117	5 714 740
Pensions	18	67 000	94 023
Deferred tax liabilities		150 238	141 748
		6 792 495	6 026 539
Current liabilities			
Financial current liabilities	14	607 962	804 959
Liabilities to Group companies		23 028 037	19 602 142
Tax liabilities		5 754	436
Provisions	19	92 115	102 772
Other liabilities		21 628	21 762
Accrued expenses and prepaid income	20	237 183	74 406
		23 992 678	20 606 476
Total liabilities		**30 785 173**	**26 633 015**
TOTAL EQUITY AND LIABILITIES		**31 147 465**	**27 050 827**
of which interest-bearing financial liabilities		29 685 196	26 093 736
of which interest-bearing pensions and provisions		67 000	94 023
		29 752 196	26 187 759
Assets pledged	21	**57 681**	**53 279**
Contingent liabilities	21	**1 042**	**942**

Consolidated statement of changes in equity

	Share capital	Translation reserve	Cash flow hedge reserve	Retained earnings	Total equity
Equity, January 1, 2013	**50 000**	**-31 000**	**-35 195**	**685 401**	**669 207**
Profit for the year				218 508	218 508
Other comprehensive income for the year		9 435	17 738	6 784	33 957
Dividend to shareholders				-280 000	-280 000
Group contributions				-287 000	-287 000
Group contributions, tax				63 140	63 140
Equity, December 31, 2013/ Equity, January 1, 2014	**50 000**	**-21 565**	**-17 457**	**406 833**	**417 811**
Profit for the year				170 012	170 012
Other comprehensive income for the year		26 374	-94 824	-12 600	-81 050
Dividend to shareholders					0
Group contributions				-185 000	-185 000
Group contributions, tax				40 700	40 700
Equity, December 31, 2014	**50 000**	**4 809**	**-112 280**	**419 944**	**362 473**

Consolidated cash flow statement	2014	2013
Operating activities		
Pre-tax profit	220 234	279 809
Adjustments for items not included in cash flow - see supplementary information 2	443 774	149 297
Tax paid	-2 360	-3 143
	661 647	425 962
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	-2 606 048	-2 381 265
Change in other interest-bearing receivables	111 446	72 277
Change in other non-interest-bearing receivables	-103 800	20 260
Change in interest-bearing liabilities, Group companies	3 412 007	5 288 681
Change in other non-interest-bearing liabilities	157 304	58 263
Cash flow from operating activities	1 632 556	3 484 178
Investing activities		
Acquisitions of property, plant and equipment	-130	-6 989
Payment to pension fund and redemption ITP 1	-46 212	0
Disposal of other non-current assets		5 000
Cash flow from investing activities	-46 342	-1 989
Financing activities		
Group contributions/shareholder contributions	-185 000	-287 000
Dividend to Parent Company	0	-280 000
Borrowings	848 938	1 514 137
Repayment of debt	-821 891	-2 260 282
Cash flow from financing activities	-157 953	-1 313 145
Cash flow for the year	1 428 261	2 169 044
Cash and cash equivalents, January 1 - see supplementary information 3	4 452 618	2 283 574
Cash and cash equivalents, December 31 - see supplementary information 3	5 880 879	4 452 618

Supplementary information

		2014	2013
1.	Interest paid and dividends received		
	Interest received	625 901	662 895
	Interest paid	-272 578	-274 929
2.	Adjustments for items not included in cash flow		
	Depreciation/amortization and impairment losses, assets	1 494	431
	Provisions for pensions	6 626	2 711
	Other provisions	152 405	79 484
	Unrealized exchange-rate differences, net	256 875	57 235
	Unrealized changes in value, derivatives, loans	26 374	9 435
		443 774	149 297
3.	Cash and cash equivalents, December 31		
	Cash	5 880 879	4 452 618
		5 880 879	4 452 618

Parent Company income statement (SEK thousand)	Note	2014	2013
Operating revenue			
Interest income	23	618 642	693 286
Interest expenses	24	-295 570	-335 393
Net interest items		323 072	357 893
Financial instruments measured at fair value		-41 880	0
Net profit from other financial transactions	25	-45 483	-20 967
Gross income		**235 709**	**336 926**
Administrative expenses	26,27	-86 201	-93 988
Other operating revenue	28	43 608	46 989
Income from holdings in Group companies	29	98	194
Profit before tax		**193 214**	**290 122**
Tax on profit for the year	30	-42 931	-65 043
Profit for the year*		**150 283**	**225 079**

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

Parent Company balance sheet

ASSETS	Note	2014-12-31	2013-12-31
Non-current assets			
Property, plant and equipment			
Equipment	31	153	214
		153	214
Intangible assets	32	5 355	6 659
		5 355	6 659
Financial non-current assets			
Holdings in Group companies	33	363 361	93 361
Receivables from Group companies	34	62 140	2 478 620
Other long-term investments	35	213 456	369 723
		638 957	2 941 704
Total non-current assets		**644 465**	**2 948 577**
Current assets			
Financial current assets		220 572	180 067
Receivables from Group companies		24 367 887	18 710 040
Tax assets		5 314	2 588
Prepaid expenses and accrued income	36	113 424	76 889
Other receivables		6 031	2 208
		24 713 228	18 971 792
Short-term investments			
Cash		5 872 176	4 443 902
		5 872 176	4 443 902
Total current assets		**30 585 404**	**23 415 694**
TOTAL ASSETS		**31 229 869**	**26 364 272**
of which interest-bearing financial non-current assets		275 596	3 028 410
of which interest-bearing current assets		24 642 620	18 710 040
		24 918 216	21 738 450

EQUITY AND LIABILITIES	Note	2014-12-31	2013-12-31
Share capital		50 000	50 000
Restricted reserves		10 000	10 000
Retained earnings		-99 890	-180 862
Profit for the year		150 283	225 079
		110 393	104 217
Liabilities			
Non-current liabilities			
Liabilities to Group companies	37	62 140	79 764
Financial non-current liabilities	37	6 311 053	5 665 667
Provisions for pensions	38	11 649	55 404
Other provisions	38	1 953	1 439
		6 386 795	5 802 274
Current liabilities			
Financial current liabilities		325 844	749 899
Liabilities to Group companies		23 963 477	19 598 968
Accrued expenses and prepaid income	39	422 977	101 980
Other liabilities		20 384	6 741
		24 732 681	20 457 588
Total liabilities		**31 119 476**	**26 259 862**
TOTAL EQUITY AND LIABILITIES		**31 229 869**	**26 364 078**
of which interest-bearing financial liabilities		30 620 634	26 094 298
of which interest-bearing pensions and provisions		11 649	55 404
		30 632 283	26 149 702
Assets pledged			
Contingent liabilities		None	None
Guarantee commitments FPG/PRI		1 042	942

Parent Company statement of changes in equity

	Share capital	Restricted reserves	Unrestricted equity	Total equity
Equity, January 1, 2013	**50 000**	**10 000**	**322 317**	**382 317**
Profit for the year			225 078	225 078
Dividend			-280 000	-280 000
Group contributions			-285 879	-285 879
Group contributions, tax			62 894	62 894
Equity, December 31, 2013/ Equity, January 1, 2014	**50 000**	**10 000**	**44 410**	**104 410**
Profit for the year			150 283	150 283
Dividend				0
Group contributions			-185 000	-185 000
Group contributions, tax			40 700	40 700
Equity, December 31, 2014	**50 000**	**10 000**	**50 393**	**110 393**

Cash flow statement	2014	2013
Operating activities		
Income after financial items	193 214	290 121
Adjustments for items not included in cash flow - see supplementary information 2	198 880	87 611
Tax paid	-2 360	-3 143
Cash flow from operating activities before change in working capital	389 733	374 589
Cash flow from change in working capital		
Change in interest-bearing receivables, Group companies	-3 241 366	2 199 252
Change in other interest-bearing receivables	115 762	75 615
Change in other non-interest-bearing receivables	-43 084	57 833
Change in interest-bearing liabilities, Group companies	4 346 885	722 084
Change in other non-interest-bearing liabilities	334 640	46 290
Cash flow from operating activities	1 902 569	3 475 663
Investing activities		
Shareholder contributions paid	-270 000	-
Acquisitions of property, plant and equipment	-130	-6 989
Divestments of property, plant and equipment	-	5 000
Payment to pension fund and ITP 1 redemption	-46 212	0
Cash flow from investing activities	-316 342	-1 989
Financing activities		
Group contributions/shareholder contributions	-185 000	-285 879
Dividend to Parent Company	-	-280 000
Borrowings	848 938	1 514 137
Repayment of debt	-821 891	-2 260 282
Cash flow from financing activities	-157 953	-1 312 021
Cash flow for the year	1 428 274	2 161 653
Cash and cash equivalents, January 1 - see supplementary information 3	4 443 902	2 282 252
Cash and cash equivalents, December 31 - see supplementary information 3	5 872 176	4 443 905

Supplementary information

1.	Interest paid and dividends received		
	Income from holdings in Group companies	98	194
	Interest received	621 643	662 895
	Interest paid	-265 661	-274 929
2.	Adjustments for items not included in cash flow		
	Depreciation/amortization and impairment losses, assets	1 624	431
	Provisions for pensions	2 457	8 171
	Other provisions	514	-475
	Unrealized exchange-rate differences, net	152 405	79 484
	Unrealized change in value, derivatives	41 880	-
		198 880	87 611
3.	Cash and cash equivalents, December 31		
	Cash	5 872 176	4 443 902
		5 872 176	4 443 902

Note 1 Essential accounting principles

General accounting principles

The consolidated financial statements have been prepared in accordance with 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. This implies that the financial reports are presented in Swedish kronor. All amounts are rounded off to the nearest thousand, unless otherwise stated.
Preparing the financial reports in compliance with IFRS requires management to make judgments and estimates as well as make assumptions that affect the application of accounting principles and the recognized amounts of assets, liabilities, revenue and expenses. Actual outcomes may diverge 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 further note 2.

Measurement principles applied in the compilation of the financial reports

Assets and liabilities are reported 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 given 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.

Presentation

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.
Moreover, an operating segment's results are followed up by the company's chief operating decision-maker in order to be able to allocateresources 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 entirely when the consolidated accounts are compiled.

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 currency are translated to the functional currency at the exchange rate prevailing on the closing day. Exchange-rate differences that arise from such 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 (SEK) at the exchange rate prevailing on the closing day.
Revenue and expenses in a foreign operation 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 expensed through profit or loss and divided up over the term of the lease on a straight-line basis.

Financial income and expenses
Financial income comprises interest income on funds invested, 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 expenses consist of interest costs 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 such losses on hedging instruments as are recognized in profit for the year.
Interest income from financial instruments is reported according to the effective interest method (see below). Dividend income is reported when the right to receive a dividend has been established.
Income from the sale of financial instruments is recognized when the risks and rewards associated with ownership of the instruments have been transferred to the buyer and the Group no longer controls the instruments.
Financial expenses consist of interest costs 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 such losses on hedging instruments as 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 reported net.

Taxes
Income taxes consist of current tax and deferred tax. Income taxes are recognized in the income statement except when the underlying transaction is recognized directly under "Other comprehensive income" or in equity, in which case the accompanyingtax effect is also recognized there.
Current tax is tax to be paid or received that is related to the year in question, applying the tax rates that have been decided or in practice have been decided as of the closing day.
Deferred tax is calculated according to the balance sheet method based on temporary differences arising between reported and fiscal values of assets and liabilities.
The amounts are calculated based on how the 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 decided or in practice have been decided as of the closing day.
Deferred tax assets related to deductible temporary differences and loss carry-forwards are recognized only to the extent that they can probably be utilized. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilized.

Financial instruments
Financial instruments reported 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 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 performedand there is a contractual obligation to pay, even if the invoice has not yet been received.
Trade accounts payableare 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 reported net in the statement of financial position only where there is a legal right to set off 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. Thereafter derivative instruments are recognized as follows: Where derivatives are used in hedge accounting and to the extent that 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 income and expenses respectively under financial items.

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 which are subject to only an insignificant risk of fluctuations 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.

Loans and trade accounts receivable are financial assets that are not derivatives, that have payments 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 reported at the amounts expected to be received, i.e.less doubtful receivables.
Held-to-maturity investments are financial assets, including interest-bearing securities, 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 risks of SFS's and Skanska Group interest rate and foreign-exchange rate exposure.
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 hedged.
Currency forward contracts are used to hedge receivables or liabilities against foreign-exchange rate risk. Hedge accounting is not applied to coverage of foreign-exchange rate risk since financial hedging is reflected in the statements by the fact that both the underlying receivable or liability and the hedging instrument are recognized at the exchange rate on the closing day and the translation differences are reported in profit for the year.
Exchange rate changes related to financial receivables and liabilities are recognized in financial items.
Interest rate swaps are used to hedge the uncertainty in highly likely forecast interest flows relating to borrowing at variable rates of interest, with the company receiving variable interest and paying 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 expenses. 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 for the year and for so 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 the interest swaps is recognized in profit or loss.
Where hedge accounting is not applied, increases and decreases in the value of derivatives are recognized as income and expenses respectively under financial items.

Property, plant and equipment

Property, plant and equipment are recognized in the SFS at cost minus 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 5 years.

Employee benefits

Current remuneration to employees is not discounted and is reported as an expense when the related service is received.

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 the contributions paid by the company into the plan or to an insurance company and the capital yield resulting from the contributions. The Group's net obligation related to defined-benefit plans is calculated separately for each plan by estimating the future payment that the employees have earned through their employment over both the current and previous periods; this payment is discounted to a present value. The discount rate is the interest 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 reported 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 reported 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,parent companies are 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 in the Parent Company as a legal entity.
In 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 apportioned 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 consolidated accounting principles
Defined-benefit pension plans are reported according to the regulations in the Pension Obligations Vesting Act. To a certain extent, the commitments are secured by assets in pension funds. Pension commitments are reported as a net provision in the balance sheet.

Reporting of Group contributions
Group contributions paid by subsidiaries to the Parent Company are recognized in equity.
Group contributions received from subsidiaries to parent companies are reported as financial income in the Parent Company.

Effects of changes in accounting principles
The changes applied by the Group with effect from January 1, 2014 are described below.
The revision of IAS 32, "Financial Instruments: Presentation", provides clarification regarding the rules on offsetting financial assets and liabilities. These may only be set off in the statement of financial position 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.
The change has had no effect on the consolidated financial statements.

Effects of new accounting principles
New IFRS standards and interpretations that are not yet being applied and which do not come into effect until future financial years and have not been applied in advance when preparing the Group's financial reports.
IFRS 9, "Financial Instruments", will replace IAS 39, "Financial Instruments: Recognition and Measurement." The IASB has completed IFRS 9, which contains a new model for classification and measurement of financial instruments, a forward-looking impairment model and a simplified approach to hedge accounting. IFRS 9 enters into force in 2018 and application in advance is permitted assuming that the EU adopts the standard. The EU plans to approve the standard in 2015.
The categories of financial assets in IAS 39 will be replaced by three categories: measurement either at amortized cost, at fair value through other comprehensive income or 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 can be applied to debt instruments where this eliminates or substantially reduces a mismatch in the reporting. 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 reference interest rate.
The impairment model requires a year's expected loss to be reported already on initial recognition and in the event of a significant increase in credit risk, the impairment amount must correspond to the credit losses that are expected to arise during the remaining term.
The rules on hedge accounting include simplification of effectiveness testing and expansion of allowed hedging instruments and hedged items. The company's assessment of the effects of IFRS 9 is not yet complete. Neither has the company decided whether the new principles will be applied in advance, since IFRS 9 has not yet been approved for application within the EU.

Note 2 Key estimates and judgments

The Senior Executive Team has discussed with the Board of Directors the developments, choices and disclosures related to the Group's important 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 values of assets or liabilities may require adjustment to a significant degree 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 measurement at fair

value. This includes a measurement team with overall responsibility for monitoring all significant measurements at fair value, including measurements at level 3, and 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 extent possible. The fair values are categorized at different levels in a fair value hierarchy based on input data that is 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 provisions for claims in insurance companies 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.

2014	Finance	Insurance	Eliminations	Total segments
Net interest items	335 273	2 433		337 706
Other financial items	-89 536	299		-89 237
Administrative expenses	-88 975	-6 130	2 899	-92 206
Other operating revenue	43 608	23 262	-2 899	63 972
Pre-tax profit	200 370	19 864		220 234
Tax on profit for the year	-44 506	-5 717		-50 223
Profit for the year	155 864	14 148	0	170 012

2013	Finance	Insurance	Eliminations	Total segments
Net interest items	345 972	2 405		348 377
Other financial items	-4 432	-1 172		-5 604
Administrative expenses	-86 520	-4 554	1 720	-89 354
Other operating revenue	46 989	-18 880	-1 720	26 390
Pre-tax profit	302 010	-22 201		279 809
Tax on profit for the year	-67 690	6 389		-61 301
Profit for the year	234 320	-15 812	0	218 508

Note 4 Financial instruments and financial risk management

Through its operations, aside from business risks 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 states guidelines, objectives and limits for financial management and administration of financial risks in the Group. This policy document regulates the allocation of responsibility among Skanska's Board, the Senior Executive Team, SFS and the Business Units.

SFS has operational responsibility for ensuring Group financing and for managing liquidity, financial assets and financial liabilities. Guidelines and risk mandates are defined in risk instructions that are 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 that SFS runs in its relations with financial counterparties in the case of deposits of surplus funds, bank account balances and investments in financial assets.
Credit risk also arises when using derivative instruments and consists of the risk that a potential gain will not be realized in case the counterparty does not fulfill its part of the contract.
In order to reduce the credit risk in derivatives, Skanska has signed standardized netting (ISDA) agreements with all financial counterparties with which it enters into derivative contracts.

SFS endeavors to limit the number of financial counterparties, which must possess a rating at least equivalent to BBB+ at Standard & Poor's or the equivalent rating at Moody's. 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 amounted to SEK 30,795 M. Of these, SEK 24,430 M are receivables from Skanska companies. Other external interest-bearing assets amounted to SEK 6,365 M.

Liquidity risk

Liquidity risk is defined as the risk that the Skanska Group cannot meet its payment obligations due to lack of liquidity or from difficulties in obtaining or rolling over external loans.
SFS has the operational responibility to administrate the liquidity in the Group. SFS uses liquidity forecasting as a means of managing fluctuations in short-term liquidity. Surplus liquidity shall, if possible, primarily be used to repay the principal on loan liabilities.

Funding

SFS has several borrowing programs – both committed bank credit facilities and market funding programs – which provide good preparedness for temporary fluctuations in the Group's short-term liquidity requirements and ensure long-term funding.

Market funding programs	Maturity	Currency	Limit	Nominal	Utilized
Commercial paper (CP) program, maturities 0-1 years		SEK/EUR	SEK 6,000 M	6 000	0
Medium Term Note (MTN) program, maturities 1-10 years		SEK/EUR	SEK 8,000 M	8 000	4 131
				14 000	4 131
Committed credit facilities					
Syndicated bank loan	2019	SEK/EUR/ USD	EUR 555 M	5 261	0
Bilateral loan agreements	2017/2018 /2020	EUR	EUR 260 M	2 464	2 464
Other credit facilities				317	0
				8 042	2 464

Liquidity reserve and maturity structure

The Skanska Group's policy is for the central borrowing portfolio's maturity to be distributed over time and for the portfolio to have a weighted average residual term of three years, including unutilized committed credit facilities, with a mandate to diverge within a two to four year interval. At year-end 2014 the average maturity of SFS's borrowing portfolio (excluding loans from Skanska companies) was 3.6 years, if unutilized credit facilities are weighed in.

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

Maturity period	Carrying amount	Future payment amount	Maturity Within 3 months	Over 3 months within 1 year	Over 1 year within 5 years	More than 5 years
Interest-bearing financial liabilities	29 685	30 075	23 057	384	6 058	576
Derivatives: Currency forward contracts						
Inflow	-164	-6 013	-5 949	-64		
Outflow	324	6 118	6 042	76		
Derivatives: Interest rate swaps						
Inflow	0	-60	-5	-13	-42	
Outflow	202	263	23	65	175	
Total	**30 047**	**30 383**	**23 168**	**448**	**6 191**	**576**

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 in SFS are interest-rate risk and foreign-exchange rate risk.

Interest rate risk

Interest-rate risk is the risk that changes in interest rates will adversely impact the Group's financial items and cash flow or the fair value of financial assets and liabilities.
For SFS, exposure to interest-rate risk arises primarily from interest-bearing borrowing. To limit the risk, interest-rate maturities are to be distributed over time and have a weighted average residual refixing period of two years, with a mandate to diverge in +/- 1 year. Interest-rate risk is defined as a change in the fair value of interest-bearing assets and liabilities, including derivatives, in the event of a one percentage-point increase in interest rates across all maturities. The change in fair value may not exceed SEK 100 M, measured as relative deviation against a comparative portfolio with a weighted average refixing period of two years, which is identified as a risk-neutral maturity.

The fair value of interest-bearing financial assets and liabilities, plus derivatives, would change by about SEK 133 M (154) in the event of a one percentage-point change in market interest rates across the yield curve, given the same volume and interest rate refixing period as on December 31, 2014. The relative interest-rate risk

is SEK 10 M higher than in a comparative portfolio with a risk of SEK 123 M and is attributable to the fact that the interest refixing period is somewhat longer than the 2-year period of the comparative portfolio.
The deviation of both interest-rate risk and interest refixing period is within the authorized limits for the Group.

An average one percentage-point increase in market interest rates from the level at the year-end would have an estimated positive effect on SFS's financial items of around SEK 2 M for 2015.

The average rate refixing period for external interest-bearing assets was 0.1 (0.2) years, taking derivatives into account. The interest rate for these was 0.29 (0.89) percent at year-end. Of SFS's total interest-bearing financial assets, 20 (88) percent carry fixed interest rates and 80 (12) percent variable interest rates.

The average refixing 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, 80 (77) percent carry fixed interest rates and 20 (23) percent variable interest rates.

On December 31, 2014 there were outstanding interest-rate swap contracts amounting to a nominal value of SEK 4,965 M (4,560), of which SEK 143 M (225) has an amortizing structure. All the contracts were concluded in order to swap the Group's borrowing from variable to fixed interest. SFS applies hedge accounting for the majority of these interest-rate swaps. The hedges fulfill effectiveness requirements, which means that unrealized profit or loss is recognized under "Other comprehensive income." The fair value of these hedges totaled SEK -155 M (-41) on December 31, 2014. The fair value of interest-rate swaps for which hedge accounting is not applied totaled SEK -47 M (-2) on December 31, 2014. 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 negative impact on SFS income statement and statement of financial position due to fluctuations in exchange rates. 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 may 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, 2014 foreign-exchange rate risk accounted for SEK 33,000 of transaction exposure.

Translation exposure
At year-end 2014 SFS had net investment in SCEM Reinsurance in Luxembourg amounting to EUR 45.6 M.
As of December 31, 2014 the investment was not hedged.
An exchange rate shift where the Swedish krona falls/rises by 10 percent against other currencies would have an effect of SEK 43 M on "Other comprehensive income."

Financial instruments in the statement of financial position

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

Assets	At fair value through through or loss	Hedge-accounted derivatives	Held-to-maturity investments	Loans and trade receivables	Total carrying amount
2014					
Financial instruments					
Interest-bearing assets and derivatives					
Financial assets					
Financial investments at fair value	58 704	105 418			164 122
Financial investments at					0
amortized cost			5 999		5 999
Financial interest-bearing receivables				24 907 672	24 907 672
	58 704	105 418	5 999	24 907 672	25 077 793
Current investments at fair value					0
Cash				5 880 879	5 880 879
	58 704	105 418	5 999	30 788 551	30 958 672
Trade accounts receivable				7 979	7 979
Total financial instruments	58 704	105 418	5 999	30 796 530	30 966 651

2013					
Financial instruments					
Interest-bearing assets and derivatives					
Financial assets					
Financial investments at fair value	42 081	78 557			120 638
Financial investments at					0
amortized cost			5 990		5 990
Financial interest-bearing receivables				22 408 082	22 408 082
	42 081	78 557	5 990	22 408 082	22 534 710
Current investments at fair value					0
Cash				4 452 618	4 452 618
	42 081	78 557	5 990	26 860 700	26 987 327
Trade accounts receivable				12 723	12 723
Total financial instruments	42 081	78 557	5 990	26 873 422	27 000 050

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

Reconciliation with statement of financial position	**2014-12-31**	**2013-12-31**
Assets		
Financial instruments	30 966 651	27 000 051
Other assets		
Property, plant and equipment and intangible assets	5 508	6 873
Tax assets	54 446	21 586
Other receivables	3 616	6 206
Prepaid expenses and accrued income	117 424	16 112
Total assets	31 147 645	27 050 827

Liabilities	At fair value through profit or loss	Hedge-accounted derivatives	At amortized cost	Total carrying amount
2014				
Financial instruments				
Interest-bearing liabilities and derivatives				
Financial liabilities				
Financial liabilities at fair value	203 930	322 129		526 059
Financial liabilities at amortized cost			29 685 196	29 685 196
	203 930	322 129	29 685 196	30 211 255
Operating liabilities				
Trade accounts payable			4 394	4 394
Total financial instruments	**203 930**	**322 129**	**29 689 590**	**30 215 649**
2013				
Financial instruments				
Interest-bearing liabilities and derivatives				
Financial liabilities				
Financial liabilities at fair value	41 908	62 225		104 133
Financial liabilities at amortized cost			26 093 736	26 093 736
	41 908	62 225	26 093 736	26 197 869
Operating liabilities				
Trade accounts payable			6 388	6 388
Total financial instruments	**41 908**	**62 225**	**26 100 125**	**26 204 257**

The fair value is SEK 193 M (150) higher than the carrying amount for financial liabilities.

Reconciliation with statement of financial position	2014-12-31	2013-12-31
Liabilities		
Financial instruments	30 215 649	26 204 257
Other liabilities		
Equity	362 473	417 811
Pensions	67 000	94 023
Tax liabilities	155 992	142 184
Provisions	92 115	102 772
Other liabilities	7 076	15 373
Prepaid costs and accrued income	247 340	74 407
Total liabilities	31 147 644	27 050 827

Disclosures concerning offsetting of financial instruments

	2014		2013	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Gross amounts	30 966 651	30 215 649	27 000 051	26 204 257
Amounts offset	0	0	0	0
Recognized in balance sheet	30 966 651	30 215 649	27 000 051	26 204 257
Amounts covered by netting arrangements	-130 086	-130 086	-44 438	-44 438
Net amount after netting arrangements	30 836 565	30 085 563	26 955 613	26 159 819

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 separately reports hedge-accounted derivatives.
The amounts relate to currency forward contracts for hedging of 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 setting 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, calculates fair value by discounting future cash flows based on observable market 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 set 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 estimated to pay for its borrowing.

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

Revenue and expenses from financial instruments recognized in income statement

	2014	2013
Interest income on financial assets at fair value through profit or loss	21 867	37 720
Interest income on held-to-maturity investments		
Interest income on loan receivables	588 280	645 742
Interest income on cash	8 689	9 946
Changes in market value of financial assets/liabilities at fair value through profit or loss		8 551
Net financial items from hedging of net investments in foreign subsidiaries		11 979
Total income in financial items	618 837	713 937
Interest expenses for financial liabilities at fair value through profit or loss	-53 167	-50 666
Interest expenses for financial liabilities at amortized cost	-227 964	-294 365
Changes in market value of financial assets/liabilities at fair value through profit or loss	-45 678	
Net financial items from hedging of net investments in foreign subsidiaries	-12 103	
Financial expenses, pensions	-3 000	-2 000
Net exchange-rate differences	-5 288	3 260
Expenses for borrowing programs	-22 397	-26 362
Bank-related expenses	-771	-1 032
Total expenses in financial items	-370 368	-371 164
Net income and expenses from financial instruments recognized in income statemer	248 469	342 773

Income and expenses from financial instruments recognized under other comprehensive income

Cash-flow hedges recognized directly in equity	-94 824	17 738
Translation differences for the year	26 242	9 435
Total	-68 582	27 173

Note 5	**Interest income**	**2014**	**2013**
	Interest income, external	43 519	64 573
	Interest income, Group companies	575 318	628 835
		618 837	693 408

Note 6	**Interest expenses**	**2014**	**2013**
	Interest expenses, external	-201 193	-207 422
	Interest expenses, Group companies	-79 938	-137 609
		-281 131	-345 031

Note 7	**Net profit from other financial transactions**	**2014**	**2013**
	Financial expenses, pensions	-3 000	-2 000
	Exchange gains/losses	-5 288	3 260
	Other financial expenses	-23 168	-27 393
		-31 456	-26 133

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.

The average number of employees was	41	41
The number of women was	24	25
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	1	1
Other senior executives	5	5
The number of women was	2	2
Paid as salaries and other remuneration (SEK thousand)	39 696	39 877
of which to senior executives	8 215	10 932
Social insurance contributions	13 245	12 669
	52 941	52 546
Bonuses included above		
of which to senior executives	2 182	3 376
Pension expenses amounted to	8 306	8 324
of which to senior executives	2 422	2 584
Benefits for Board of Directors and President		
Magnus Paulsson, President		
Wages, salaries and other remuneration	2 976	2 903
Bonuses	1 000	1 066
Pensions	860	1 110
	4 836	5 080
Men and women on boards 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 Skanska Employee Ownership Program (Seop) is the Skanska Group's share savings program. The purpose of the program 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 the opportunity to invest in Skanska shares while receiving incentives in the form of possible allotment of additional share awards. 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, a person must be employed during the entire vesting periodand have retained the shares purchased within the framework of 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. Seop 2 runs during the period 2011-2013, with allocation starting in 2014. In 2014 Seop 3 was started. This will run for the 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 reported 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 contributions for listed companies. This means that social insurance contributions in respect of the year's costs for Seop 2 are recognized as an operating expense and other provision this year.

Note 9	**Fees and cost compensation to auditors**	**2014**	**2013**
	KPMG		
	Audit assignments	761	796
	Tax advisory services	0	31
	Total	761	827

Note 10	**Other operating revenue**	**2014**	**2013**
	Fees for financial advice	40 709	45 269
	Actuarial gains/losses	23 262	-18 880
		63 972	26 390

Note 11 **Taxes**

Recognized in statement of income and other comprehensive income

Tax expenses	**2014**	**2013**
Current taxes	-48 209	-67 936
Tax on previous years' profits	70	
Deferred tax on temporary differences	-2 084	6 635
	-50 223	-61 301

Taxes recognized in other comprehensive income	**2014**	**2013**
Deferred taxes attributable to pensions	3 554	-1 914
Deferred taxes attributable to derivatives for hedging	26 744	-5 003
	30 298	-6 917

The Group's recognized tax rate amounted to 22.8 (21.9) percent. The Group's aggregated nominal tax rate has been estimated at 22.6 (21.4) percent.

Reconciliation of effective tax	**2014**	**2013**
Pre-tax profit	220 234	279 809
Tax according to aggregation of nominal tax rates (21)	-49 793	-59 754
Tax attributable to previous years	70	-
Non-deductible costs	-518	-1 247
Non-taxable revenues	20	-299
Recognized tax expenses	-50 223	-61 301

Reported in the statement of financial position

Tax assets and tax liabilities

	2014-12-31	**2013-12-31**
Tax assets	10 737	5 659
Tax liabilities	-5 754	-436
	4 983	5 223

Deferred tax assets and deferred tax liabilities

	2014-12-31	**2013-12-31**
Deferred tax assets	43 709	15 928
Deferred tax liabilities	-150 238	-141 748
	-106 529	-125 820

	2014-12-31	2013-12-31
Deferred tax assets for provisions for pensions	15 350	10 824
Deferred tax assets for other assets	28 359	5 104
Deferred tax assets according to the statement of financial position	43 709	15 928

	2014-12-31	2013-12-31
Deferred tax liabilities related to other liabilities		1 124
Deferred tax liabilities related to untaxed reserves	150 238	140 625
	150 238	141 748

Change in net deferred tax assets , liabilities	2014-12-31	2013-12-31
Net asset, January 1	-125 820	-114 927
From the income statement in respect of pensions	973	-1 853
Recognized under other comprehensive income	30 298	-6 917
From the income statement in respect of market appraisal of financial instruments	-3 048	-5 322
Recognized in the income statement in respect of untaxed reserves		7 999
Exchange-rate differences	-8 932	-4 800
	-106 529	-125 820

Note 12

Equipment	2014-12-31	2013-12-31
Accumulated cost, January 1	437	2 135
Purchases during the year	33	101
Retirements during the year	0	-1 798
Accumulated cost, December 31	470	437
Accumulated depreciation according to plan, January 1	-223	-1 819
Retirements during the year	0	1 799
Impairment losses	0	0
Dissolution of accelerated depreciation	-	-
Depreciation according to plan for the year	-94	-202
Accumulated depreciation according to plan, December 31	-317	-223
Book value	153	214

Note 13

Intangible non-current assets	2014-12-31	2013-12-31
Accumulated cost, January 1	6 888	0
Purchases during the year	97	6 888
Accumulated cost, December 31	6 985	6 888
Accumulated amortization according to plan, January 1	-230	0
Amortization according to plan for the year	-1 400	-230
Accumulated amortization according to plan, December 31	-1 630	-230
Book value	5 355	6 659

Note 14

Non-current receivables from Group companies	2014-12-31	2013-12-31
Accumulated cost		
January 1	2 478 620	
Receivables added/settled	-1 981 212	2 478 620
Reclassified as current	-435 268	0
Book value at year-end	62 140	2 478 620

Note 15	Other long-term investments	2014-12-31	2013-12-31
	Accumulated cost		
	January 1	369 723	444 344
	Receivables added/settled	-156 266	-74 621
	Book value at year-end	213 456	369 723

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

Maturity period	> 5 years	'ears; >1 year	< 1 year	Total
	-	213 456	220 572	434 028

Note 16	Prepaid expenses and accrued income	2014-12-31	2013-12-31
	Accrued interest income	7 176	112
	Accrued exchange gains, forward contracts	91 473	
	Prepaid administrative expenses	2 350	1 341
	Prepaid financial expenses	16 426	14 660
		117 425	16 112

Note 17	Maturity profile for liabilities	> 5 years	< 5 years; >1 y	Total
	Bonds		3 847 524	3 847 524
	Liabilities to credit institutions	568 024	1 895 505	2 463 529
	Other non-current liabilities		202 063	202 063
	Liabilities to Group companies		62 140	62 140
		568 024	6 007 232	6 575 257

Note 18 **Pensions provisions**

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

Interest-bearing pension liability, net	2014-12-31	2013-12-31
Net pension liability, January 1	94 023	98 748
Pension expenses	6 626	8 739
Benefits paid by employers	-437	-436
Funds contributed by employers	-25 000	0
Remeasurements	13 000	-7 000
Curtailments and settlements	-21 212	-6 028
Net pension liability according to the statement of financial position	67 000	94 023

Pension obligations		
January 1	106 902	111 279
Pensions earned during the year	4 110	5 725
Interest on obligations	2 943	3 362
Benefits paid by employers	-437	-436
Remeasurements	16 000	-7 000
Curtailments and settlements	-21 212	-6 028
	108 306	106 902

Plan assets		
January 1	12 879	12 531
Estimated return on plan assets	427	348
Funds contributed by employers	25 000	0
Difference between actual return and estimated return	3 000	0
Plan assets, fair value	41306	12 879

Actuarial assumptions		
Financial assumptions		
Discount rate, January 1	3,50%	3,00%
Discount rate, December 31	2,25%	3,50%
Estimated return on plan assets for the year	2,25%	3,00%
Expected pay increase, December 31	3,00%	3,50%
Expected inflation, December 31	1,25%	1,75%
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	2014-12-31	2013-12-31
Provision for unsettled claims	76 581	91770
Provisions for social insurance contributions, pensions	13 581	9 563
Provision for social insurance contributions, Seop	1 953	1 173
Other provisions	0	266
	92 115	102 772

Note 20 **Accrued expenses and prepaid income**

Accrued expenses and prepaid income	2014-12-31	2013-12-31
Accrued administrative expenses	35 446	22 886
Accrued interest expenses	37 105	28 552
Accrued exchange losses, forward contracts	174 165	22 829
Accrued financial expenses	626	139
	247 341	74 407

Note 21 **Assets pledged**

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

	2014-12-31	2013-12-31
Treasury bills	5 999	5 990
Cash	51 682	47 289
	57 681	53 279
Contingent liabilities PRI	1 042	942
	1 042	942

Note 22	**Related party disclosures**	**2014-12-31**	**2013-12-31**

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 7.3 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.

		2014-12-31	2013-12-31
	Receivables from Group companies	24 430 027	21 188 660
	Liabilities to Group companies	23 090 177	19 678 737
	Interest income, Group companies	575 318	628 835
	Interest expenses, Group companies	79 938	137 609
	Income from Group companies	66 458	64 937
	Purchases from Group companies	8 703	11 084

Notes for the Parent Company

Note 23	**Interest income**	**2014**	**2013**
	Interest income, external	43 323	64 451
	Interest income, Group companies	575 319	628 835
		618 642	693 286

Note 24	**Interest expenses**	**2014**	**2013**
	Interest expenses, external	-213 296	-195 443
	Interest expenses, Group companies	-82 274	-139 950
		-295 570	-335 393

Note 25	**Net profit from other financial transactions**	**2014**	**2013**
	Financial expenses, pensions	-1 350	-1 371
	Exchange gains/losses	-20 996	9 125
	Other financial expenses	-23 138	-28 721
		-45 483	-20 967

Note 26	**Employees and personnel expenses**		
	The average number of employees was	41	41
	The number of women was	24	25
	Men and women on Board of Directors and executive team on closing day		
	Board of Directors	7	7
	The number of women was	1	1
	Other senior executives	5	5
	The number of women was	2	2
	Paid as salaries and other remuneration (SEK thousand)	39 696	39 877
	of which to senior executives	8 215	10 932
	Social insurance contributions	13 245	12 669
		52 941	52 546
	Bonuses included above		
	of which to senior executives	2 182	3 376
	Pension expenses amounted to	8 306	8 324
	of which to senior executives	2 422	2 584

Benefits for Board of Directors and President		
Magnus Paulsson, President		
Wages, salaries and other remuneration	2 976	2 903
Bonuses	1 000	1 066
Pensions	860	1 110
	4 836	5 080

Men and women on Board of Directors on closing day		
Board of Directors	7	7
The number of women was	1	1

Note 27 **Fees and cost compensation to auditors**

	2014	2013
KPMG		
Audit assignments	470	500
Tax advisory services	0	31
Total	470	531

Note 28 **Other operating revenue**

	2014	2013
Fees for financial advice	43 608	46 989
	43 608	46 989

Note 29 **Income from holdings in Group companies**

	2014	2013
Group contribution from Skanska Försäkrings AB	98	-
Result from liquidation, Renting Group	-	194
	98	194

Note 30 **Taxes**

	2014	2013
Tax expenses		
Current taxes	-2 301	-2 149
Tax recognized in respect of Group contributions received/paid	-40 700	-62 894
Tax on previous years' profits	70	0
	-42 931	-65 043

Reconciliation of effective tax	2014	2013
Pre-tax profit	193 214	290 122
Tax according to aggregation of nominal tax rates 22 percent	-42 507	-63 827
Non-deductible costs	-424	-1 216
Recognized tax expenses	-42 931	-65 043

Note 31 **Equipment**

	2014-12-31	2013-12-31
Accumulated cost, January 1	437	2 135
Purchases during the year	33	101
Retirements during the year	0	-1 798
Accumulated cost, December 31	470	437
Accumulated depreciation according to plan, January 1	-223	-1 819
Retirements during the year	0	1 799
Impairment losses	0	0
Dissolution of accelerated depreciation	-	-
Depreciation according to plan for the year	-94	-202
Accumulated depreciation according to plan, December 31	-317	-223
Book value	153	214

Note 32	**Intangible non-current assets**	**2014-12-31**	**2013-12-31**
	Accumulated cost, January 1	6 888	0
	Purchases during the year	97	6 888
	Accumulated cost, December 31	6 985	6 888
	Accumulated amortization according to plan, January 1	-230	0
	Amortization according to plan for the year	-1 400	-230
	Accumulated amortization according to plan, December 31	-1 630	-230
	Book value	5 355	6 659

Note 33 **Holdings in Group companies**

Subsidiary	Corp. ID no.	Reg. office	No. of shares	% of capital	Book value
Skanska Försäkrings AB	516401-8664	Stockholm	50 000	100%	320 000
SCEM Reinsurance S.A.	---	Luxembourg	750	100%	43 361
					363 361

	2014-12-31	**2013-12-31**
Accumulated cost		
January 1	93 361	98 361
Liquidation, Renting AB and Renting Komplementär AB	-	-5 000
Unconditional shareholder contribution to Skanska Försäkrings AB	270 000	-
Book value at year-end	363 361	93 361

Note 34	**Non-current receivables from Group companies**	**2014-12-31**	**2013-12-31**
	Accumulated cost		
	January 1	2 478 620	
	Receivables added/settled	-1 981 212	2 478 620
	Reclassified as current	-435 268	0
	Book value at year-end	62 140	2 478 620

Note 35	**Other long-term investments**	**2014-12-31**	**2013-12-31**
	Accumulated cost		
	January 1	369 723	444 344
	Receivables added/settled	-156 266	-74 621
	Book value at year-end	213 456	369 723

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

Maturity period	> 5 years	'ears; >1 year	< 1 year	Total
	-	213 456	220 572	434 028

Note 36	**Prepaid expenses and accrued income**	**2014-12-31**	**2013-12-31**
	Accrued interest income	6 999	3 999
	Accrued exchange gains, forward contracts	91 473	57 098
	Prepaid administrative expenses	3 203	1 132
	Prepaid financial expenses	16 426	14 660
		118 101	76 889

Note 37 **Maturity profile for liabilities**

	> 5 years	< 5 years; >1 y	Total
Bonds		3 847 524	3 847 524
Liabilities to credit institutions	568 024	1 895 505	2 463 529
Liabilities to Group companies		62 140	62 140
	568 024	5 805 169	6 373 193

Note 38 **Provisions**

	2014-12-31	2013-12-31
Provisions for pensions	11 649	55 404
of which to senior executives		12 318
Provisions for social insurance contributions	1 953	1 173
Other provisions	0	266
	13 602	56 843

Note 39 **Accrued expenses and prepaid income**

	2014-12-31	2013-12-31
Accrued administrative expenses	19 727	23 650
Accrued interest expense	72 971	57 501
Accrued exchange losses, forward contracts	330 279	20 829
	422 977	101 980

Stockholm

Peter Wallin
Chairman

Katarina Bylund

Jari Mäntylä

Thomas Henriksson

Marek Malinowski

Jonas Hansson

Magnus Paulsson
President

Our Auditor's Report was submitted on

KPMG AB

George Pettersson
Authorized Public Accountant