

## Periodic information of capital adequacy and liquidity risks 2018-09-30 Telia Finance AB

*Telia Finance AB (org.nr. 556404-6661) is a subsidiary of Telia Company AB publ. (org.nr 556103-4249), registered in Stockholm. The company started their business in 1990. The company has divisions in Denmark, Finland, Norway and Lithuania.*

*Our main business is financing, packaging and sales of the Group's investments related to specific customer contracts. Our role as an internal finance company is to strengthen and develop the Telia Company's business with finance solutions.*

### **Introduction**

*The report provides periodic information of capital adequacy and liquidity risks. The information is presents at Telia Finance website regarding 31 March, 30 June, 30 September, 31 December, in accordance with the Swedish Financial Supervisory Authority concerning publication of information, FFFS 2014: 12 regulatory requirements and capital buffers and FFFS 2010: 7 the handling and disclosure of liquidity risks credit institutions and securities companies. Terminology and phrase has been adapted to prudential regulation (575/2013 / EU) and the implementing regulation (1423/2013 / EU). All amounts are presented in thousands of Swedish kronor (SEK) unless otherwise specified.*

### **Capital adequacy**

#### **Own funds**

<b>Common Equity Tier 1 capital</b>	
Capital instruments	45 000
- of which: share capital	45 000
Retained earnings	547 061
Common Equity Tier 1 capital before regulatory adjustments	<b>592 061</b>
<b>Common Equity Tiera 1 capital: regulatory adjustments</b>	
Other reserves	43 447
Deferred tax assets	-13 911
Intangible assets	-54 579
Foreign exchange forwards	-1 032
<b>Common Equity Tier 1 capital after regulatory adjustments</b>	<b>566 016</b>
Additional Tier 1 capital	-
<b>Tier 1 capital</b>	<b>566 016</b>
<b>Tier 2 capital</b>	-
<b>Own funds</b>	<b>566 016</b>



## Capital ratios

	Capital ratio	Surplus/ Deficit
Common Equity Tier 1 capital ratio	17,7 %	422 013
Tier 1 capital ratio	17,7 %	374 023
Total capital ratio	17,7%	310 036

## Capital buffers

	Buffer value	Buffer
Institution specific buffer requirement	9,35 %	299 210
Capital conservation buffer	2,5 %	79 984
Countercyclical buffer	1,67 %	53 478

## Risk-weighted exposure amount and capital requirements

	Risk-weighted exposure amount	Capital requirements
Credit risk	2 541 257	203 301
Operational risk	636 059	50 885
Currency risk	22 051	1 764
<b>Total</b>	<b>3 199 367</b>	<b>255 950</b>

## Risk-weighted exposure amount and capital requirements for credit risk per exposure

	Exposure	Risk-weighted exposure amount	Capital requirements
Central governments and central banks	689 404	-	-
Regional governments	280 908	-	-
Institutions	17 426	3 485	279
Corporates	1 174 511	551 855	44 148
Retail	2 403 849	1 788 103	143 048
Exposures in default	6 692	9 956	796
Other items	187 858	187 858	15 029
<b>Total</b>	<b>4 760 648</b>	<b>2 541 257</b>	<b>203 300</b>



## ***Liquidity risk and financing***

### **Sources of funding**

The company is financed through a bank overdraft facility, owned by the parent company Telia Company AB.

### **Liquidity stock**

The liquidity reserve consists of assets that are available for Telia Finance AB:s disposal. The assets are loanable at the central banks and are not claimed as collaterals. Current liquidity reserve consisting of financial assets in form of Swedish government bonds and the bond is valued at current market value with a risk weight of 0 %.

### **Liquidity**

Liquidity coverage ratio (LCR)	259 %
Leverage ratio	10,67 %

